

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

127



FROM: DEPARTMENT OF PUBLIC SOCIAL SERVICES

February 7, 2006

SUBJECT: PREVENT CHILD ABUSE RIVERSIDE COUNTY (PCARC)  
PROGRESS REPORT

PAGE: 1

Departmental Concurrence

**RECOMMENDED MOTION:**

That the Board of Supervisors receive and file the PCARC Progress Report.

**BACKGROUND:**

On November 1, 2005, (Agenda # 3.2) the Board approved recommendations by the County Executive Office regarding the organizational structure of PCARC. The attached report, prepared by PCARC, provides an update towards implementing these recommendations.

*Cynthia Hinckley*  
Cynthia Hinckley, Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2006

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

**APPROVE**

County Executive Office Signature

*Dan Martin*

Policy	<input checked="" type="checkbox"/>
Policy	<input checked="" type="checkbox"/>
Consent	<input type="checkbox"/>
Consent	<input type="checkbox"/>
Dept't Recomm.:	
Per Exec. Ofc.:	



February 6th, 2006

Honorable Board of Supervisors  
County of Riverside  
4080 Lemon Street, 5th Floor  
Riverside, CA 92501

**Board of Directors**

**Rob von Zabern**— President of the Board  
*von Zabern Surgical*

**Deacon Mike Jelley**— Vice President  
*Diocese of San Bernardino*

**Gayle Hepner**— Secretary  
*Valley Wide Outreach Services*

Yolanda Carrillo  
*Corona/Norco Family YMCA*

Erllys Daily  
*Riverside County Department of Mental Health*

Art Hernandez  
*Parents Anonymous*

George Tillery  
*A-Z Bus Sales*

Jim Powell  
*Riverside County Substance Abuse*

**Advisory Committee**

Jack Clark, Best, Best and Kreiger

Mary Ellen Daniels, Attorney

Bob Doyle, Riverside County Sheriff

Gary Feldman, Riverside County  
Community Health Service Agency

Jean Leonard, Riverside County  
Juvenile Court

David Long, Riverside County  
Office of Education

Ron Loveridge, Mayor, City of Riverside

John Ryan, Riverside County Mental  
Health

Grover Trask, Riverside County  
District Attorney

James Warren, Riverside County  
Superior Court

Marie Whittington, Riverside  
County Probation

Harry Freedman, Riverside County  
Children and Families Commission

**Riverside County  
Board Of Supervisors**

Bob Buster, First District

John Tavaglione, Second District

Jeff Stone, Third District

Roy Wilson, Fourth District

Marion Ashley, Fifth District

Re: PCARC (Prevent Child Abuse Riverside County) Executive Office  
Recommendations / Progress Report

Board Members,

On November 29th, you voted to approve the 15 recommendations put forth by the Executive Office November 29, 2005.

One of the recommendations, # 14, was that PCARC submit to the Board of Supervisors, by February 28, 2006, a report on its progress in implementing the above recommendations.

Please find following a report documenting the progress that has been made thus far on these recommendations.

Please do not hesitate to contact me if you have any questions.

Thank you,

Rob von Zabern

President  
Prevent Child Abuse Riverside County

## Prevent Child Abuse Riverside County (PCARC) Progress Report

February 27, 2006

Prevent Child Abuse Riverside County respectfully presents the following report documenting the progress made on the recommendations from the Executive Office.

**Recommendation One:** That the Board of Supervisors extend the current child abuse prevention service contracts until June 30, 2006, so that a fresh RFP process can be conducted.

**Status:** Contracts have been extended until June 30, 2006.

**Recommendation Two:** That the next RFP process include minimal involvement from DPSS program staff, be overseen by the County Executive Office and County Purchasing, and include no evaluators with real or perceived conflicts of interest

**Status:** A mini-needs assessment was conducted at the request of the providers and the results tabulated and provided as **Attachment 1**. The results of the mini-needs assessment along with the Countywide Self-Assessment will be used to help formulate the county-wide funding strategies. PCARC worked with DPSS and County Purchasing to develop the CAPIT/PSSF RFP. County Purchasing has assumed the lead in overseeing the RFP evaluation and awards process. The County Executive Office approved the RFP documents on January 30, 2006. The RFP was released on February 1, 2006 and the evaluators have been selected.

**Recommendation Three:** Maintain the designation of PCARC as Riverside County's designated child abuse prevention council.

**Status:** Board of Supervisors accepted the County Executive Office's recommendations and PCARC retains the designation as Riverside County's Child Abuse Prevention Council pending this progress report.

**Recommendation Four:** That County Counsel and the Clerk of the Board provide training to PCARC Board of Directors on conflicts of interest.

**Status:** On October 28, 2005, PCARC contracted with Best, Best & Krieger (BB&K) for assistance with revising of PCARC's current Conflict of Interest Policy and bylaws and for board training. On November 29, 2005, Jeff Ballinger with BB&K provided the PCARC board of directors with training on the Brown Act and Conflict of Interest. Dwight Montgomery with BB&K reviewed and updated PCARC's bylaws and developed a Conflict of Interest Policy. The bylaws and Conflict of Interest Policy were distributed for review at PCARC's February 21, 2006 regularly scheduled board meeting. A copy of the proposed bylaws is provided as **Attachment 2** and Conflict of Interest Policy is provided as **Attachment 3**. A second more comprehensive training for the Board of

Directors will be scheduled in May. A copy of the training outline is provided as **Attachment 4**. The board is considering opening the training to non-profit CAPIT/PSSF providers.

**Recommendation Five:** That all PCARC Board members file Form 700, as required by County Conflict of Interest Code.

**Status:** As of November 22, 2005, all PCARC board members had filed Form 700 for 2004. All board members are on target to file Form 700 for 2005 by the due date of April 1, 2006. Board members have already received their Form 700 in the mail and will be submitting them to the Interim Executive Director on or before March 21, 2006; our regularly scheduled board meeting. The Interim Executive Director will maintain a copy at PCARC's corporate office and submit originals to the Clerk of the Board.

**Recommendation Six:** That, by December 31, 2005, PCARC submit to the Board of Supervisors a report covering the period since the PCARC's inception, and that annual reports be submitted regularly thereafter.

**Status:** On December 28, 2005, seven copies of PCARC's Annual Report for fiscal years 2003/2004 and 2004/2005 were hand delivered to the County Executive Office for delivery to each Board of Supervisor's office.

**Recommendation Seven:** That, by December 31, 2005, PCARC expand its membership to include at least one representative of the criminal justice system and one from the education community, and commit to filling the remaining vacancies on the Board with representatives from all geographic regions of the county.

**Status:** On February 21, 2006, Rita Rubio, Nuevo School District, Pam Miller, Riverside County Courts and Felicia Miller from EDA were approved for board membership by a unanimous vote of the full board. A request has also been sent to each Board of Supervisor's office requesting recommendations for board membership.

**Recommendation Eight:** That, in selecting a new executive director, PCARC be particularly aware of the appearance and implications of hiring a former employee of DPSS.

**Status:** The PCARC board is very sensitive to the concerns expressed by the County Executive Office in this recommendation. The Executive office has offered and will participate in the PCARC Executive Director applicant review process.

**Recommendation Nine:** That the next contract between PCARC and the County delete references to projects outside the scope of child protection, and be updated to reflect the current responsibilities of both agencies.

**Status:** References to projects outside the scope of child protection have been deleted in the current PCARC contract. The current contract has also been updated to reflect

the current responsibilities of both agencies. PCARC will be working on the development of the next required county needs assessment and will provide support for conferences countywide to educate, train and to promote public awareness in Child Abuse Prevention efforts.

**Recommendation Ten:** That PCARC consider amending its bylaws to prohibit potential contract recipients on the Board of Directors from participating in the discussion of any issue which directly or indirectly may benefit their organizations financially.

**Status:** BB & K has provided PCARC with a draft Conflict of Interest Policy addressing the concerns identified in this recommendation. The Conflict of Interest Policy will be on the PCARC's February 21, 2006 Board Agenda for a first reading. Self-dealing is addressed in the revised bylaws and is provided as **Attachment 2**. A copy of the policy is provided as **Attachment 3**.

**Recommendation Eleven:** That PCARC enlist a certified public accountant to prepare a financial audit for the 2005 calendar year, and submit it to the Board of Supervisors by March 31, 2006.

**Status:** PCARC solicited and received four bids for preparing a financial audit for fiscal year 2004/2005. Concerns were expressed by the bidders regarding the March 2006 deadline due to the fact that we are already in tax season. PCARC may need to formally request an extension on completing this recommendation.

**Recommendation Twelve:** That PCARC amend its current bylaws or polices and procedures to detail clearly the process of attaining membership in the organization and on its Board of Directors.

**Status:** PCARC decided that policies and procedures will be developed detailing the process of attaining membership in the organization and on the board. The policy and procedures are currently being drafted for approval at the March 2006 board meeting.

**Recommendation Thirteen:** That the County Executive Office participate in the selection of PCARC's new executive director.

**Status:** The opening for an Executive Director for PCARC has been posted on Monster.com, hiresocialservices.com and through OCAP with the Child Abuse Prevention Councils throughout California. The Executive Committee is paper screening the resumes. The County Executive Office has asked to participate in the second round of interviews when they are scheduled. PCARC will contact the County Executive Office when those interviews are scheduled.

**Recommendation Fourteen:** That PCARC submit to the Board of Supervisors, by February 28, 2006, a report on its progress in implementing the above recommendations.

**Status:** This report outlines PCARC's progress in implementing the above recommendations.

**Recommendation Fifteen:** Authorize the County Purchasing Agent to extend the current agreement with PCARC through March 31, 2006 pending progress and outcomes of the adopted recommendations.

**Status:** On November 29<sup>th</sup> the Board of Supervisors authorized the Purchasing Agent to extend the agreement with PCARC through March 31, 2006.

# **ATTACHMENT 1**

## **Mini-Needs Assessment Results**

**CAPIT PSSF Needs Assessment Survey  
Results  
December 5, 2005**

Based upon discussions conducted with the Executive Office, a needs assessment for CAPIT/PSSF services has been conducted. On November 1, 2005, over 200 surveys were sent to various service providers and interested parties in Riverside County

Forty one (41) responses to the CAPIT/PSSF Needs Assessment Survey were received. Two (2) responses were found to be duplicates; (1) one only provided comments but no rankings. The results tabulated from the thirty eight (38) valid responses follow.

**A. Description of Respondents**

Non Profit Social Service Agencies	18
County Government Agencies	7
School Districts	4
Non Government Organizations	3
Anonymous Responses	3
Indian Tribes	2
Local Government Agencies	1

Fourteen (14) of the responses came from current CAPIT/PSSF Providers.

**B. Service Needs by Score**

Services needed were ranked as follows:

Service	Score (5 being best)
1. Counseling Services	2.97
2. Domestic Violence Classes	2.32
3. Anger Management Classes	2.08
4. Parenting Education (Classroom setting)	1.76
5. Community Prevention & Referral	1.63
6. Transportation	1.58
7. Parenting Education (In-Home demonstration)	1.13

(The survey requested responses be scored one through five, with one be most critical. For the purpose of reviewing the data, the scores were inverted, with five being most critical.)

**C. Service Needs by Number of Responses**

34 of 38 respondents identified Counseling as a need. Only 15 respondents identified Parenting Education (In-Home Demonstration) as needed. Additionally, Differential Response and Substance Abuse each were listed by three respondents as other needed services.

Service	Number of Responses
1. Counseling Services	34
2. Anger Management Classes	26
2. Parenting Education (Classroom setting)	26
2. Domestic Violence Classes	26
5. Community Prevention & Referral	24
6. Transportation	21
7. Parenting Education (In Home Demonstration)	15

Other services needed that were noted by respondents were:

Differential Response  
 Alcohol/Substance Abuse Treatment  
 Inpatient 5150 Program  
 Parent Support Groups  
 Parent Leadership Training  
 Family Strengthening Training  
 Shared Leadership Training  
 Forensic Testing  
 Sexual Abuse Treatment  
 Child Care  
 Emergency Shelter  
 Medi-Cal Psychiatric Care  
 Medi-Cal Orthodontic Care

Only Differential Response and Substance Abuse Treatment were included by more than one respondent.

**D. Responses by Supervisorial District**

Geographically, respondents most frequently identified the Coachella Valley as in need of services. It should be noted that 32% of responses came from the 760 area code.

Eleven (11) respondents identified a service need in the First District, thirteen (13) in the Second District, twelve (12) in the Third District, nineteen (19) in the Fourth District, and thirteen (13) in the Fifth District.

The following table shows the number of requests for each service type in each district. The numbers are greater than the number of respondents, as respondents often identified multiple areas in need.

	Number of Responses				
	First District	Second District	Third District	Fourth District	Fifth District
Anger Management Classes	5	4	6	10	6
Community Prevention & Referral	6	6	6	12	6
Counseling Services	7	9	8	16	10
Domestic Violence Treatment	7	7	8	11	8
Parenting Education (classroom setting)	6	7	7	10	7
Parenting Education (In-home Demonstration)	4	5	6	9	6
Transportation	5	7	5	11	7

Service needs in each district ranked as follows:

Rank of Most Needed Services in Each District					
	First District	Second District	Third District	Fourth District	Fifth District
Anger Management	4	7	5	3	4
Community Prevention & Referral	5	5	4	3	6
Counseling Services	3	2	2	1	1
Domestic Violence Treatment	1	2	1	2	2
Parenting Education (class room setting)	2	1	2	5	3
Parenting Education (In Home demo)	7	6	6	7	7
Transportation	6	4	7	5	5

# **ATTACHMENT 2**

## **Proposed By-Laws**

AMENDED AND RESTATED  
BYLAWS  
OF  
PREVENT CHILD ABUSE – RIVERSIDE COUNTY  
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

ARTICLE I — ORGANIZATION

1.1 Name. The name of this corporation is PREVENT CHILD ABUSE – RIVERSIDE COUNTY (“Corporation”).

1.2 Purpose. This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The specific purposes of this Corporation are to increase public awareness of child abuse, to identify and raise public awareness of existing resources, to identify unmet needs, to advocate for solutions to child abuse related concerns, and to make recommendations to DPSS and the Riverside County Board of Supervisors regarding allocations of child abuse related resources.

1.3 Limitation on Corporate Activities. The Corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time (“Internal Revenue Code”). The Corporation shall not carry on any other 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.

1.4 Dedication of Assets. The property of this Corporation is irrevocably dedicated to public and charitable purposes, and no part of the net income or assets of this Corporation shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private persons.

1.5 Principal Office. The principal office of the Corporation shall be at 6700 Indiana Avenue, Riverside, California 92506. The “Board” (as that term is defined in Section 2.2(a) of these Bylaws) is hereby granted full power and authority to change the location of the principal office of the Corporation within such attendance boundaries in the County of Riverside, California. Any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws. The Corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the Board, from time to time, designate.

1.6 Members.

1.6.1 The Corporation shall have no “members” as that term is defined by Section 5056 of the California Corporations Code (“CCC”), and shall be governed solely by its Board in accordance with these Bylaws.

1.6.2 Pursuant to Section 5310 (b) of the CCC, any action which would otherwise require approval by a majority of all members, shall only require the approval of the Board.

1.6.3 The Corporation may refer to persons or entities associated with it as "members" even though those persons or entities are not voting members, but no such reference shall constitute anyone a member within the meaning of Section 5056 of the CCC.

## ARTICLE II — DIRECTORS

2.1 Powers. Subject to the limitation of the Articles, these Bylaws and the laws of the State of California, all corporate powers shall be exercised by or under the authority of, and the business and affairs of this Corporation shall be controlled and conducted by, the Board..

### 2.2 Number and Qualifications of Directors.

2.2.1 The authorized number of the members ("Directors") of the Board of Directors ("Board") of the Corporation shall not be less than five (5) and not more than twenty-one (21), the exact number to be fixed by resolution of the Board. The exact number of Directors initially authorized shall be \_\_\_\_ ( ) until changed within the limits specified herein by a duly adopted resolution of the Board.

2.2.2 All Directors shall be residents of the State of California. The Directors shall be selected from the geographic areas served by the Corporation. Candidates shall live, work, or volunteer in the region which they will represent.

2.3 Election; Designation; Term of Office. Directors' shall be elected by the Board at each annual meeting of Directors in numbers sufficient to fill the vacancies created by Directors whose terms are expiring. The term of elected Directors shall be three (3) years, except that, to provide for staggered terms, the initial terms for the first Directors elected pursuant to these Bylaws, will be as follows: two (2) Directors will have three year terms; two (2) Directors will have two (2) year terms; and one (1) Director will have a one (1) year term. Each elected Director, including any Director elected to fill a vacancy, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified or until their earlier resignation, withdrawal or removal. A Director cannot be elected to more than two (2) consecutive terms.

2.4 Vacancies on the Board. A vacancy or vacancies on the Board shall exist on the occurrence of the following:

(a) the death, disqualification, resignation, suspension, or expulsion, or termination of a Director;

(b) the declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order of judgment of any court to have breached a duty under Article 3 of Chapter 2 of the CCC; or

(c) the increase in the authorized number of Directors.

2.4.1 Removal of a Director for one or more of the reasons listed in (b) above may be initiated by any member of the Board.

2.4.2 Subject to Section 2.3.3 of these Bylaws, a vacancy on the Board shall be filled in the same manner of selection as that used to select the Director whose office is vacant.

2.4.3 No reduction in the authorized number of Directors shall have the effect of removing any Director prior to the expiration of the Director's term of office.

2.5 Resignation of Director. Except as provided in these Bylaws, a Director may resign by giving written notice to the President or the Secretary. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective.

2.6 Removal of Director. A Director may be removed by a majority vote of the Board whenever in the Board's judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the Director so removed.

2.7 Interested Persons. Not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons.

2.7.1 As used in this section, an "interested person" means either:

(a) Any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full- or part-time employee, independent contractor, or otherwise; or

(b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

2.7.2 The provisions of this Section 2.7 shall not affect the validity or enforceability of any transaction entered into by the Corporation.

2.8 Compensation of Directors. Directors shall receive no compensation for their services. However, they shall be entitled to receive such just and reasonable reimbursement of expenses as may be determined by the Board.

2.9 Inspection Rights of Directors. Every Director shall have the absolute right to any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation during normal weekday business hours. If a Director wishes to be accompanied by an attorney during such inspection, then the inspection will be scheduled at a time when the Corporation's attorney will be present.

### ARTICLE III — BOARD MEETINGS

#### 3.1 Meetings of the Board.

3.1.1 Notwithstanding any other provision in these Bylaws, all meetings of the Board shall be held in compliance with the requirements of the Ralph M. Brown Act as set forth in Section 54950 et seq. of the California Government Code.

3.1.2 Meetings of the Board shall be held at the principal office of the Corporation, unless another place is stated in the notice of the meeting.

3.1.3 The annual meeting of the Board shall be held for the purpose of organization, election of Directors and officers, adoption of a budget for the upcoming fiscal year, and the transaction of such other business as may properly be brought before the meeting in January of each year, the exact date of which to be set by resolution of the Board.

3.1.4 Regular meetings of the Board shall be held at the place and time specified by resolution adopted by the Board.

3.1.5 Notice of all regular meetings of the Board shall be given. At least seventy-two (72) hours before the regular meeting, the Board shall post an agenda which contains a brief description of each item of business to be transacted or discussed at the meeting. The agenda shall specify the time and place of the regular meeting, and shall be posted in a location that is freely accessible to the public. The agenda shall provide an opportunity for members of the public to directly address the Board on any item of interest to the public, before or during the Board's consideration of the item that is within the subject matter jurisdiction of the Board.

3.1.6 A special meeting of the Board may be called by the President, Secretary, or any two Directors.

3.1.7 Notice of all special meetings of the Board shall be given by delivering written notice to each Director, and to members of the media requesting notice in writing, at least four (4) days before the time of the meeting. The notice shall specify the time and place of the special meeting and the business to be transacted or discussed, and shall be posted at least four (4) days prior to the special meeting in a location that is freely accessible to the public. The written notice may be dispensed with as to any Director who, at or prior to the time the meeting convenes, files with the Secretary a written waiver of notice or who is actually present at the meeting when it convenes. All such waivers, consents and approvals shall be made a part of the minutes of the meeting.

3.1.8 Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment, so long as all such members participating in such meeting can hear one another and so long as the requirements of the Ralph M. Brown Act with respect to teleconferencing are followed. Participation in a meeting by this means constitutes presence in person at such meeting.

3.1.9 Meetings of the Board shall be presided over by the President of the Corporation, or in his or her absence, by the Vice President of the Corporation, or in the absence of each of these persons, by a person chosen by the majority of the Directors present at the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the meeting.

3.1.10 A majority of the authorized number of Directors shall constitute a quorum of the Board for the transaction of business, except to adjourn.

3.1.11 A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given, prior to the time of the adjourned meeting, to the Directors who were not present at the time of adjournment.

### 3.2 Required Vote of Directors.

3.2.1 Every act or decision done or made by a majority of the Directors present at a meeting duly held at which quorum is present is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

3.2.2 Notwithstanding Section 3.2.1 of these Bylaws, the following matters require the unanimous approval of the authorized number of Directors: adoption, amendment, or repeal of these Bylaws.

## **ARTICLE IV — OFFICERS AND INVESTMENT TRUSTEE**

4.1 Number and Titles of Officers. The officers of the Corporation shall be a President, Vice President, Secretary, Treasurer, Executive Director, and such other officers with such titles and such duties as shall be determined and deemed advisable by the Board. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President.

4.1.1 The President, who may be designated by the alternate titles of Chief Executive Officer or Chairperson, shall, subject to the control of the Board, have general supervision, direction and control all of its business and affairs and of its officers, employees and agents, including the right to employ, discharge and prescribe the duties and compensation of all officers, employees and agents of the Corporation, except where such matters are prescribed in the Bylaws or by the Board. The President shall preside at all meetings of the Board. The President is authorized to sign, with the Secretary or other proper officers of the Corporation authorized by the Board as may be required, all contracts, notes, conveyances, and other papers, documents and instruments in writing in the name of the Corporation.

4.1.2 The Vice President, who may be designated by the alternate title of Vice-Chairperson, shall, in the absence of the President or inability or refusal of the President to act, carry on all duties and powers required by law or conferred by these Bylaws upon the President.

4.1.3 The Secretary shall keep or cause to be kept the minutes of all meetings in the Minute Book of the Corporation as prescribed by Article VII of these Bylaws. The Secretary shall sign in the name of the Corporation with one or more other officers all documents authorized or required to be signed by the Secretary. The Secretary shall keep, or cause to be kept, at the principal office in the State of California, the original or a copy of the Articles of Incorporation and Bylaws, amended, a book of minutes and a register showing the names and addresses of all Directors. The Secretary shall keep the seal and shall affix the seal to documents as appropriate or desired, but failure to affix it shall not affect the validity of any instrument. The Secretary shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall, in general, perform all duties incident to the office of Secretary and such other duties as may be required by law, the Articles of Incorporation of this Corporation, or by these Bylaws, or which may be assigned from time to time by the Board.

4.1.4 The Treasurer, who may be designated by the alternate title of Chief Financial Officer, shall be responsible for the receipt, maintenance, and disbursement of all funds of the Corporation and for the safekeeping of all securities of the Corporation. The Treasurer shall provide a financial report at every meeting. The Treasurer shall keep, or cause to be kept, books and records of account and records of all properties of the Corporation. The Treasurer shall prepare or cause to be prepared annually, or more often if so directed by the Board or President, financial statements of the Corporation. The Board may, by resolution, authorize one or more Assistant Treasurers to perform, under the direction of the Treasurer, some or all the duties of the Treasurer. Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts promissory notes, orders for payment of money and other indebtedness of the Corporation shall be signed by the Treasurer and countersigned by the President of the Corporation.

4.1.5 The Executive Director shall, subject to such supervisory powers as the Board may give to the President, if any, and subject to the control of the Board, be the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers. In the absence of the President and Vice President, or if none, the Executive Director shall preside at all Board meetings. The Executive Director shall have such other powers and duties as the Board or the Bylaws may prescribe. The Executive Director shall be an ex-officio (non-voting) member of the Board and its committees, including the Executive Committee and the Regional Committees.

4.2 Appointment; Removal; and Term of Officers. Subject to subparagraphs (b) and (d) of this Section 4.2, the President, Vice President, Secretary, and Treasurer shall hold such respective offices for terms of \_\_\_\_ ( ) year. Otherwise:

(a) all officers shall be appointed by the Board at the Annual Meeting. Other officers shall be appointed as prescribed by resolution of the Board establishing the office;

(b) any officer appointed by the Board may be removed from office at any time by the Board, with or without cause or prior notice;

(c) when authorized by the Board, any appointed officer may be appointed for a specific term under a contract of employment; provided, however, that when such officer is appointed for a specified term or under a contract of employment, he or she may be removed from office at any time pursuant to the immediately foregoing subparagraph (b) and shall have no claim against the Corporation on account of such removal other than such monetary compensation as the officer may be entitled to under the terms of the contract; and

(d) any officer may resign at any time upon written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract of employment to which the officer is a party, and such resignation is effective upon receipt of the written notice by the Corporation unless the notice prescribes a later effective date or unless the notice prescribes a condition to the effectiveness of the resignation.

4.3 Investment Trustee. The Corporation may appoint an Investment Trustee responsible for the investment of property, both cash and in kind, of the Corporation; subject, however, to limitations as the Board may from time to time set forth in resolutions.

## ARTICLE V — COMMITTEES

### 5.1 Committees.

5.1.1 Except as limited by Section 5.5 of these Bylaws, the Board may create standing or special committees, or advisory committees, for any purposes and delegate to such committees any of the powers and authorities of the Board to the extent permitted by Section 5212 of the CCC. Such committees shall have the power to act only in intervals between meetings of the Board and shall at all times be subject to the control of the Board. Such committees shall consist of two (2) or more Directors, and may also consist of other persons who are not Directors. Members of a committee who are not Directors may act solely in an advisory capacity to the committee and shall be without vote.

5.1.2 The Chairperson and members of each standing, special or advisory committee shall be selected by the Board, and may be removed by majority vote of the Directors then in office.

5.1.3 The Chairperson and each member of each standing committee shall serve until his or her successor is appointed or until such committee is sooner terminated, or until such person is removed, resigns, or otherwise ceases to qualify as a Chairperson or member, as the case may be, of the committee. Chairpersons and members of special committees shall serve for the life of the committee unless they are sooner removed, resign, or cease to qualify as a Chairperson or member, as the case may be, of such committee. Vacancies on any committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

5.1.4 Each committee shall meet as often as necessary to perform its duties, at such times and places as directed by its Chairperson or by the Board. A majority of the members of a committee shall constitute a quorum of such committee and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep accurate minutes of its meetings, the Chairperson designating a secretary of the committee for this purpose, and shall make periodic reports and recommendations to the Board.

5.1.5 Any expenditure of corporate funds by a committee, other than the Governance Committee, shall comply with budget limitations established by the Board or, in the alternative, shall be subject to the prior written approval of the Board.

5.1.6 Approval of actions of committees require a two-thirds (2/3) vote of the Board. Committees not having and exercising the authority of the Board in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present.

5.1.7 Standing committees shall consist of the Executive Committee, the Audit Committee, the Regional Committees, and such other standing committees as the Board may, from time to time, establish.

5.2 Executive Committee. The Executive Committee shall be composed solely of Directors, and the Board shall appoint not more than three (3) Directors to serve on the Executive Committee. The Executive Committee shall have such duties as may be described in these Bylaws, shall fix the meetings of the Board, shall be responsible for the orientation of Directors and Board retreats, and shall have such additional duties as may be delegated to it by the Board.

5.3 Audit Committee. The Audit Committee shall be composed of at least three (3) Directors and other persons whom the Board determines to be expert in investments and other financial matters. The Audit Committee shall make recommendations to the Board concerning: the establishment of investment policies for the Corporation; subject to Section 4.3 of these Bylaws, the investment of Corporation funds; the selection of financial institutions to serve as depositories for funds of the Corporation; the selection of financial advisors to the Corporation; the development of operating and other budgets for the Corporation; and oversight of accountants for the Corporation. The Audit Committee shall have such additional duties as may be delegated to it by the Executive Committee and the Board.

5.5 Regional Committees. The Corporation shall have Regional Committees to represent each of the geographical regions served by the Corporation.

5.5.1 Composition. Regional Committees shall be composed of volunteers from the geographic areas which are served by the Regional Committee. Each Regional Committee shall elect a Governing Council. The Governing Council shall consist at minimum of a Chairperson, Secretary and Treasurer. Each Regional Committee shall have at least 1 (one) representative who is active on the Board preferably the Chairperson. The Secretary of each

Regional Committee shall keep minutes of every meeting and submit a copy of the approved prior months minutes to the Executive Committee within one week following its monthly meeting. In addition, original sign-in sheets and volunteer in-kind work logs shall be submitted to the Executive Committee within two (2) weeks following its monthly meeting. The Treasurer of each Regional Committee will work closely with the Corporation for all budgetary transactions. All reimbursable expenses shall be submitted to the Corporation within sixty (60) days of such expenditure.

5.5.1 Authority. Regional Committees, as advisory committees, shall be advisors to the Board and shall have no authority to enter into contracts on behalf of the Corporation or to bind the Corporation, except to the extent expressly provided by Board resolution.

5.4 Limitation on Delegation. In accordance with the CCC, the Board may not delegate any power of final action to any committee not composed entirely of Directors, and may not delegate to any committee the following powers:

(a) the filling of vacancies on the Board or on any committee which has the authority of the Board;

(b) the fixing of compensation of the Directors for serving on the Board or on any committee;

(c) the amendment or repeal of Bylaws or the adoption of new Bylaws;

(d) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(e) the appointment of committees of the Board or the members thereof;

(f) the expenditure of corporate funds to support a nominee for Director after there are more persons nominated for Director than can be elected; or

(g) the approval of any self dealing transaction except as provided by law.

## ARTICLE VI — INDEMNIFICATION

### 6.1 Indemnification of Directors, Officers, and Employees.

6.1.1 The Corporation may indemnify a Director, officer, or employee under the provisions of Section 5238 of the CCC, or pursuant to any contract entered into with any employee who is not an officer or Director.

6.1.2 Expenses incurred in defending any proceeding may be advanced by the Corporation as authorized in Section 5238 of the CCC prior to the final disposition of such proceeding, upon receipt of an undertaking by or on behalf of the Director, officer, or employee to repay such amount unless it shall be determined ultimately that the Director, officer, or employee is entitled to be indemnified.

6.1.3 The Corporation may purchase and maintain insurance on behalf of any Director, officer, or employee of the Corporation against any liability asserted against or incurred by the Director, officer, or employee in such capacity or arising out of the Director's officer's, or employee's status as such, whether or not the Corporation would have the power to indemnify the Director, officer, or employee against such liability under the provisions of Section 5238 of the CCC, except as provided in subdivision (I) of Section 5238 of the CCC.

## ARTICLE VII — RECORDS

7.1 Minute Book. The Corporation shall keep or cause to be kept a minute book which shall contain:

(a) the record of all meetings of the Board including date, place, those attending and the proceedings thereof, a copy of the notice of the meeting and when and how given, written waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting, and unanimous written consents to action of the Board without a meeting, and similarly as to meetings of committees of the Board established pursuant to the Bylaws and as to meetings or written consents of the incorporator of the Corporation prior to the appointment of the initial Directors;

(b) a copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State; and

(c) a copy of these Bylaws as amended, duly certified by the Secretary.

### 7.2 Annual Report.

7.2.1 Financial statements shall be prepared as soon as reasonably practicable after the close of the fiscal year, but not later than the fifteenth (15th) day of the fifth (5th) month after the close of said fiscal year. The financial statements shall contain in appropriate detail the following:

(a) the assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;

(b) the principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year; and

(d) the expenses or disbursements of the Corporation for both general and restricted purposes, during the fiscal year.

7.2.2 Any report furnished to Directors which includes the financial statements prescribed by Section 7.2.1 of these Bylaws shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

7.2.3 A report including the financial statements prescribed by Section 7.2.1 of these Bylaws shall be furnished annually to all Directors.

7.3 Report of Transactions; and Indemnifications. The Corporation shall mail to all Directors a statement of any transaction between the Corporation and one of its officers or Directors or of any indemnification paid to any officer or Director if, and to the extent, required by Section 6322 of the CCC. The statement shall be mailed within 120 days after the close of the fiscal year. The statement required by this Section 7.3 shall describe briefly:

(a) any covered transaction during the previous fiscal year involving more than Fifty Thousand Dollars (\$50,000), or which was one of a number of covered transactions in which the same "interested person" had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars (\$50,000).

(b) the names of the "interested persons" involved in such transactions, stating such person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

(c) the statement shall describe briefly the amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any Director or officer of the Corporation pursuant to Section 5238 of the CCC.

For these purposes, an "interested person" is (i) any Director or officer of the Corporation, or its parent or subsidiary; and (ii) any holder of more than 10 percent (10%) of the voting power of the Corporation, its parent or subsidiary.

#### ARTICLE VIII — MISCELLANEOUS

8.1 Fiscal Year. The fiscal year of the Corporation shall begin on July 1 and end on June 30 of each year.

8.2 Bonding. All Directors, officers, or employees handling funds shall be properly bonded. The premium or premiums for such bonds shall be paid by the Corporation.

8.3 Self-Dealing. In the exercise of voting right by Directors, no Director shall vote on any issue, motion or resolution which directly or indirectly inures to his or her benefit financially, except that such Director may be counted in order to qualify a quorum and, except as the board may otherwise direct, participate in a discussion on such an issue, motion or resolution if he or she first discloses the nature of his or her interest subject to Section 5230 through and including Section 5239 of the CCC.

8.4 Gifts and Donations. The Board may accept on behalf of the Corporation any contributions, gifts, bequests, or devises for the general purpose or for any special purpose of the Corporation not violative of the Corporation's Articles of Incorporation.

8.4 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

8.5 Contracts. Unless otherwise set forth in these Bylaws the Board may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

8.6 Checks; Drafts; etc. Except as otherwise set forth in these Bylaws, all checks, drafts, or orders for the payment of money, notes, or other evidences 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.

8.7 Conflicts of Interest. The members of the Board shall be subject to and in compliance with the disclosure and disqualification requirements of the Political Reform Act, as it may apply, as set forth in Section 87100 et seq. of the California Government Code, and, without limiting the generality of the foregoing, the Corporation, through its Board, any promulgate from time to time a conflict of interest policy and other policies according to the current law then in effect to be adhered to by its officers and Directors.

8.8 Inspection of Articles and Bylaws. The Corporation shall keep at its principal executive office in California the original or a copy of its Articles and Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by Directors at all reasonable times during office hours.

8.9 Inspection by Public. In accordance with Section 6104 of the Internal Revenue Code of 1986, as amended, copies of the Corporation's application for tax exemption and any papers submitted in support of such application shall be made available by the Corporation for inspection at the request of any individual during regular business hours at the Corporation's

principal place of business and at any regularly maintained regional or district office of the Corporation having three or more employees.

8.10 Nondiscrimination. The Corporation shall not refuse service or employment to any person, nor in any other way discriminate against any person, solely because of such person's sex, race, color, religion, creed, ancestry, national origin, age, marital status, physical disability, mental disability, preexisting medical condition, or any other factor prohibited by law.

8.11 Interpretation and Construction. Any conflict between these Bylaws and the Articles shall be resolved in favor of the Articles. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws.

8.12 Dissolution. The Corporation shall not be voluntarily dissolved, except by approval of the Board. In the event of dissolution of the Corporation in any manner and for any cause, after the payment or adequate provision for the payment of all of its debts and liabilities, all of the remaining funds, assets and properties of the Corporation shall be paid or distributed as provided for in the Articles of Incorporation.

8.13 Rules of Order. Robert's Rules of Order shall be the parliamentary law of all proceedings of the Board and all Committees. Notwithstanding the foregoing, failure to follow Robert's Rules of Order at any meeting shall not affect the validity of any corporate action otherwise in compliance with the CCC and this Corporation's Articles, Bylaws, and applicable corporate resolutions.

8.14 Job Descriptions and Policies. Notwithstanding any other provision in these Bylaws to the contrary, the Board may, at its option, implement job descriptions and policies for Directors, committee members, officers, and other employees.

#### ARTICLE IX — AMENDMENT

9.1 Amendment of Articles. The amendment of the Articles of Incorporation of the Corporation is provided for by California state law and requires the unanimous consent of the Directors and the filing of a certificate of amendment in the Office of the Secretary of State.

9.2 Amendment of Bylaws. The amendment of Bylaws is provided for by California state law and generally requires approval of the Board pursuant to these Bylaws.

**CERTIFICATE OF SECRETARY**

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of PREVENT CHILD ABUSE – RIVERSIDE COUNTY, a California nonprofit public benefit corporation (“Corporation”); and

2. That the foregoing Amended and Restated Bylaws, comprising thirteen (13) pages, constitute the Bylaws of said Corporation, as duly approved by the Board of Directors of said Corporation at a meeting duly held on \_\_\_\_\_, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this \_\_\_ day of \_\_\_\_\_, 2006.

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Secretary

# **ATTACHMENT 3**

## **Proposed Conflict of Interest Policy**

**PREVENT CHILD ABUSE – RIVERSIDE COUNTY  
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION**

**POLICY ON CONFLICT OF INTEREST  
AND DISCLOSURE OF CERTAIN INTERESTS**

**ARTICLE I  
PURPOSE**

The purpose of this Policy is to protect the interests of the Organization when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Interested Person. While this Policy seeks to ensure the continuation of the status of the Organization as a tax-exempt charitable organization under applicable federal and state laws, it is intended to supplement, but not replace, applicable federal and state laws prescribing conflicts of interest rules governing nonprofit and charitable corporations.

**ARTICLE II  
DEFINITIONS**

Whenever used in this Policy, the following terms shall have the meanings ascribed thereto in this Article II, unless a different meaning is required by the context:

2.1 “Board”. The term “Board” means the Board of Directors of the Organization.

2.2 “Committee”. The term “Committee” jointly and severally means each committee of the Organization with the right to exercise powers delegated to it, directly or indirectly, by or through the Board.

2.3 “Conflict of Interest”. The term “Conflict of Interest” jointly and severally means an actual or potential, direct or indirect, Financial Interest or Non-Pecuniary Interest or other benefit, in cash or in kind (“Other Benefit”), to a Director, officer, member of a Committee, or Other Person arising on account of the Organization entering into, or contemplating to enter into, a transaction or arrangement. The foregoing definition shall be construed broadly, with any doubt or ambiguity resolved in such manner that a Conflict of Interest shall be deemed to exist.

2.4 “Director(s)”. The term “Director(s)” jointly and severally means each individual selected to serve on the Board, and shall include, without limitation, each individual selected by the Organization to serve on any advisory community board or committee of the Organization.

2.5 “Financial Interest”. The term “Financial Interest” means an interest of, or inuring to, an individual directly or indirectly, through any business, investment, extended family, or other public or private, relationship, by way of—

- (1) an ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

- (2) a compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- (3) a potential ownership or investment interest in, or a potential compensation arrangement with, any entity or individual with which the Organization is contemplating or negotiating a transaction or arrangement.

For purposes of this Section 2.5, the term “compensation” shall include, without limitation, direct remuneration, indirect remuneration, and gifts or favors that are not insubstantial in nature.

2.6 “Interested Person”. The term “Interested Person” jointly and severally means any Director, officer, member of a Committee, or Other Person who has a Financial Interest or Non-Pecuniary Interest or Other Benefit. If an individual is an Interested Person with respect to any entity that is a part of the Organization is a member, then that individual is an Interested Person with respect to all entities comprising the Organization.

2.7 “Non-Pecuniary Interest”. The term “Non-Pecuniary Interest” means an interest, other than a Financial Interest or Other Benefit, of, or inuring to, any individual directly or indirectly, through any business, investment, extended family, or other public or private, relationship, by way of—

- (1) an affiliation with any individual with whom the Organization has, or is contemplating or negotiating, a transaction or arrangement, or
- (2) an affiliation with any entity with which the Organization has, or is contemplating or negotiating, a transaction or arrangement.

For purposes of this Section 2.7, non-exhaustive examples of a Non-Pecuniary Interest include:

- (i) serving as a director, officer, member of a committee with board- or entity-delegated powers, trustee, executor or executrix, or in like representative capacity, of an entity or individual, with which or whom, as the case may be, the Organization has, or is contemplating or negotiating, a transaction or arrangement; or
- (ii) a member of an extended family serving as a director, officer, member of a committee with board- or entity-delegated powers, trustee, executor or executrix, or in like representative capacity, of an entity or individual, with which or whom, as the case may be, the Organization has, or is contemplating or negotiating, a transaction or arrangement; or
- (iii) a business or investment partner, including any such partner of a member of an extended family, serving as a director, officer, member of a committee with board- or entity-delegated powers, trustee, executor or executrix, or in like representative capacity, of an entity or individual, with which or whom, as the case may be, the Organization has, or is contemplating or negotiating, a transaction or arrangement.

2.7 “Organization”. The term “Organization” means PREVENT CHILD ABUSE – RIVERSIDE COUNTY, a California nonprofit public benefit corporation.

2.8 “Other Person”. The term “Other Person” means any individual, other than a Director, officer, or member of a Committee, who has Board- or Committee-delegated powers to act, directly or indirectly, for or on behalf of the Organization in respect of the Organization entering into, or contemplating to enter into, any transaction or arrangement.

2.9 “Policy”. The term “Policy” means this POLICY ON CONFLICT OF INTEREST AND DISCLOSURE OF CERTAIN INTERESTS.

### ARTICLE III PROCEDURES

#### 3.1 Duty to Disclose.

3.1.1 General. In connection with any Conflict of Interest, an Interested Person must disclose, with reasonable certitude, all material facts evidencing the existence and nature of his or her Financial Interest or Non-Pecuniary Interest or Other Benefit to the Directors, Committee members or Other Persons acting for and on behalf of the Organization considering the proposed transaction or arrangement.

3.1.2 Certain Non-Pecuniary Interests. Each Director, officer, Committee member, and Other Person annually shall disclose each public and private entity for which he or she, or a member of his or her extended family, presently serves, or served within the then immediately past two (2) years, as a director, officer, member of a committee with board- or entity-delegated powers, trustee, or in like representative capacity. Such disclosure shall be made on the annual statement required by Article VI hereof, and shall be reviewed by the Board and the Committee as part of its preliminary due diligence in considering any proposed transaction or arrangement. Notwithstanding anything in this Policy or otherwise to the contrary, the requirement imposed upon the Board and the Committee by this Section 3.1.2 shall not relieve any Interested Person of his or her duty to disclose any Financial Interest or Non-Pecuniary Interest or Other Benefit in accordance with Section 3.1.1 hereof.

3.2 Determining Whether Conflicts of Interest Exist. After disclosure of the Financial Interest or Non-Pecuniary Interest or Other Benefit, the Interested Person shall leave the Board or Committee meeting while the Financial Interest or Non-Pecuniary Interest or Other Interest is discussed and voted upon. The disclosure shall be submitted to all Directors or Committee members, other than any Interested Person, eligible to vote on such proposed transaction or arrangement, who shall decide whether or not a Conflict of Interest exists.

3.3 Procedures for Addressing Conflicts of Interest. Prior to the Organization entering into any proposed transaction or arrangement in respect of which a Conflict of Interest has been disclosed, each of the following shall be established as a matter of fact:

3.3.1 The chairperson of the Board or Committee shall, in good faith, consider

and determine, if appropriate, whether or not to appoint a non-Interested Person or Committee to investigate alternatives to the proposed transaction or arrangement.

3.3.2 After exercising due diligence and reasonable investigation under the circumstances, the Board or Committee shall consider and, in good faith, determine whether the Organization can obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances from a person or entity that would not give rise to a Conflict of Interest.

3.3.3 If a more advantageous transaction or arrangement is not attainable in accordance with Section 3.3.2 hereof, then the Board shall, in good faith, determine by a majority vote of all Directors eligible to vote, who are non-Interested Persons and have full knowledge of all the material facts disclosed pursuant to Section 3.1.1 hereof (i) that the proposed transaction or arrangement is in the Organization's best interest and for the Organization's own benefit, and (ii) that the proposed transaction or arrangement is fair and reasonable to the Organization at the time when the Organization enters into the proposed transaction or arrangement; and, in the absence of such good faith determinations, the Board shall not authorize, approve, or ratify the entering into the proposed transaction or arrangement by the Organization.

For purposes of the foregoing paragraph in this Section 3.3.3, "Committee" shall be inserted in lieu of "Board," provided, however, that such Committee shall have complied with the procedures set forth in this Section 3.3, and that it was, in good faith, determined by such Committee that it was not reasonably practicable to obtain Board approval in accordance with the foregoing paragraph in this Section 3.3.3 prior to such Committee authorizing or approving the entering into the proposed transaction or arrangement by the Organization.

#### 3.4 Violations of this Policy.

3.4.1 If the Board or a Committee has reasonable cause to believe that a Director, officer, Committee member, or Other Person has failed to disclose a Conflict of Interest, the Board or Committee shall inform such Director, officer, Committee member, or Other Person of the basis for such belief and afford such Director, officer, Committee member, or Other Person an opportunity to explain the alleged failure to disclose.

3.4.2 If, after hearing the response of such Director, officer, Committee member, or Other Person and making such further investigation as may be necessary and required, in accordance with this Policy or otherwise, under the circumstances, the Board or Committee determines that such Director, officer, Committee member, or Other Person has in fact failed to disclose a Conflict of Interest, then the Board or Committee shall take appropriate disciplinary and corrective action, including, without limitation, the timely bringing of a proper court action seeking any or all of the remedies specified in subdivision (h) of Section 5233 of the California Nonprofit Corporation Law.

**ARTICLE IV  
RECORDS OF PROCEEDINGS**

The minutes of the Board and Committees shall contain—

- (1) the name of each person, whether or not such person constituted an Interested Person, who disclosed or otherwise was found to have a Financial Interest or Non-Pecuniary Interest in connection with a proposed transaction or arrangement, the nature of the Financial Interest or Non-Pecuniary Interest or Other Benefit, any action taken to determine whether a Conflict of Interest existed, and the decision of the Board or Committee as to whether or not a Conflict of Interest in fact existed, and
- (2) the name of each person who was present for discussions and votes relating to the proposed 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 therewith.

**ARTICLE V  
COMPENSATION COMMITTEES; RECUSAL**

A voting member of any Committee, whose jurisdiction includes compensation matters, who receives compensation (as that term is defined in Section 2.5 hereof), directly or indirectly, from the Organization is precluded from voting on matters pertaining to that member's compensation.

**ARTICLE VI  
ANNUAL ACKNOWLEDGEMENT**

6.1 Annual Statement. Each Director, officer, Committee member, and Other Person annually shall sign a statement which, in addition to containing the disclosure required by Section 3.1.2 of this Policy, affirms that such Director, officer, member, or Other Person—

- (1) has received a copy of this Policy,
- (2) has read and understands this Policy,
- (3) has agreed to comply with this Policy, and
- (4) understands that the Organization is a tax-exempt charitable organization, and that in order to maintain its federal and state tax-exempt status, the Organization must engage primarily in activities which accomplish one or more of its recognized charitable and tax-exempt purposes.

6.2 Declaration of Information. Each Director, officer, Committee member, and Other Person annually shall complete and sign a declaration of information for purposes of (i) disclosing certain interests may create a Conflict of Interest, and (ii) with respect to the Directors, ensuring that not more than forty-nine percent (49) of the Directors are "interested persons" (as that term is defined in the California Nonprofit Corporation Law ).

**ARTICLE VII  
PERIODIC REVIEWS**

To ensure that the Organization operates in a manner consistent with its charitable purposes, and that it does not engage in any activity that could jeopardize its status as a federal and state tax-exempt charitable organization, the Board shall conduct periodic reviews of its operations. The periodic reviews shall, at a minimum, include the following subjects:

- (i) Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- (ii) Whether partnership and joint venture arrangements with Other Persons associated with the Organization conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Organization's charitable purposes, and do not result in inurement or impermissible private benefit.
- (iv) Whether agreements to provide services, products, and the like further the Organization's charitable purposes and do not result in inurement or impermissible private benefit.

**ARTICLE VIII  
USE OF OUTSIDE EXPERTS**

In conducting the periodic reviews provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, then such use shall not relieve the Board of its responsibility for ensuring that such periodic reviews are conducted.

Approved by the Board of Directors  
this \_\_\_ day of \_\_\_\_\_, 2006

# **ATTACHMENT 4**

## **Board of Directors Training Outline**

## WHAT EVERY DIRECTOR OF A NONPROFIT CORPORATION SHOULD ASK

### Outline

- I. Organization of a Tax-Exempt Entity
  - A. How are tax-exempt entities organized?
  - B. How does the entity qualify for tax-exempt status?
  - C. What important provisions should be included in the Articles of Incorporation and Bylaws?
  - D. Applicability of Brown Act, Public Records Act, *et al.*
  
- II. Role of the Director
  - A. What does it mean to be a director of a tax-exempt entity?
  - B. How are directors selected?
  - C. What special issues arise when honorary, life, emeritus or ex-officio directors serve on the board?
  - D. How does the tax-exempt entity's purpose affect a director?
  - E. To whom is the director accountable?
  
- III. Duties (Fiduciary Responsibility) and Rights of Directors
  - A. What is the duty of care?
  - B. What is the duty of loyalty?
  - C. How does a director effectively discharge the duty of care and the duty of loyalty?
  - D. What are the rights of directors?
  - E. When do special duties arise?
  
- IV. Committees and Advisory Boards
  - A. What purpose do board committees serve?
  - B. What are the different types of board committees, and what do they do?
  - C. What purpose do advisory and auxiliary bodies serve?
  - D. What are the different types of advisory and auxiliary bodies, and what do they do?

V. Policies

- A. Has the board adopted a conflict of interest policy?
- B. Has the board adopted a media policy?
- C. Has the board adopted a confidentiality and non-disclosure policy?
- D. Has the board adopted an investment policy?
- E. Has the board adopted a vendor policy?

VI. Taxation

- A. What are the advantages, requirements and limitations of a section 501(c)(3) corporations (most public benefit and religious corporations)?
- B. What are the advantages, requirements and limitations of a section 501(c)(4) organizations (civic leagues and social welfare organizations)?
- C. What are the advantages, requirements and limitations of a section 501(c)(6) organizations (nonprofit business leagues, chambers of commerce, trade associations, boards of trade, and professional football leagues)?
- D. What are the reporting requirements?
- E. When is an IRS "support test" required and what is the importance of the test?
- F. How is a private foundation different from a public charity?
- G. What is unrelated business income tax?
- H. What circumstances should jeopardize the organization's tax exempt status?
- I. What are the ramifications of having an organization's exempt status revoked?
- H. When are intermediate sanctions related to private inurement rules?

VII. Accounting Issues

- A. When and how should audits be conducted?
- B. What are the different audits that may be required?
- C. When and why should audit committees be formed and what are the responsibilities of the committee members?
- D. In light of recent public accounting scandals, how have the responsibilities of Directors been affected?
- E. What internal controls should be put in place to prevent fraud and theft?
- F. What are "donor imposed" restrictions and how do they affect the accounting and reporting functions of the organization?
- G. What accounting and acknowledgment requirements are there when donors contribute to a nonprofit?

VIII. Investment

- A. Should the board adopt the prudent investor act?
- B. Should the board hire an outside investment manager?
- C. What are the special considerations concerning maintenance of endowment investments?

IX. Internet Activities

- A. What are the benefits and drawbacks of maintaining a web site?
- B. What are the requirements for raising funds via the Internet?
- C. How can the entity acknowledge, yet not advertise, a corporate sponsor?
- D. How can the entity minimize potential liability
- E. Has the board adopted appropriate web site policies?

VIII. For-Profit Subsidiaries and Joint Ventures

- A. What are the advantages of establishing a for-profit subsidiary?
- B. How is a for-profit subsidiary established?
- C. How is a joint venture with a for-profit entity structured?
- D. What are the tax implications?
- E. What is a reporting entity?

IX. Duties of Directors in Special Circumstances

- A. What special duties arise in the context of insolvency and bankruptcy?
- B. What special duties arise in the context of mergers, sales and other change of control events?
- C. How does an entity comply with the cy pres and charitable trust doctrine?

X. Volunteers

- A. How can the entity protect itself from liability for the acts of volunteers?
- B. Should the entity insure and/or indemnify volunteers?
- C. Why is it important to ensure that a volunteer's activities do not cause the volunteer to be considered an employee under the law?
- D. What protections are available to minimize potential liability?
- E. What are the requirements related to accounting and recording of volunteer time?

XI. Employees

- A. What federal and state laws are nonprofit employers subject to?
- B. What types of employee handbooks and personnel policies should be in place?
- C. Which employee benefits are subject to special rules?
- D. What is the potential for liability to others for the acts of employees?
- E. What is the potential for liability to employees?

XII. Director Liability

- A. What risks of liability do directors face and how can directors protect themselves?
- B. What kind of indemnification should be provided?
- C. How should the advancement of expenses of directors who are made parties to proceedings be provided?
- D. What kind of insurance should be purchased?
- E. What statutory protections are provided directors?

XIII. Annual or Periodic Reviews

- A. What types of annual or periodic reviews should be performed?

XIV. Legal Environment

- A. What is the board's responsibility for understanding the entity's legal environment?
- B. How can directors identify potential areas of legal exposure?
- C. What are the restrictions on political activities?
- D. How can the board stay informed regarding the impact of proposed legal changes?

XV. Nonprofit Integrity Act

- A. What are the obligations under the new Act.