

BY-LAWS FOR LA JOLLA ART ASSOCIATION

A NON-PROFIT ORGANIZATION

As amended and approved on August 28, 2019.

**ARTICLE I
ORGANIZATION**

1. The name of the organization shall be the La Jolla Art Association (herein referred to as LJAA).
2. The organization may at its pleasure by a two-thirds vote of the membership change its name.
3. The LJAA's legal mailing address is 6811 La Jolla Blvd., La Jolla, CA 92037. The address may be changed by a majority vote of the Board of Directors.

**ARTICLE II
PURPOSES**

The following are the purposes for which this organization is organized:

1. LJAA promotes public understanding and appreciation of fine art through educational partnerships and alliances, and presenting exhibitions of an educational nature, including at but not limited to schools, libraries, youth and senior centers, art galleries and other public places.
2. LJAA provides its members with the opportunity to promote and exhibit their art in prominent locations. LJAA is a visual arts association which does not depend on having a designated gallery (a gallery without walls). We exhibit at upscale businesses, in major public and commercial buildings and in galleries. We schedule exhibition opportunities outside of San Diego, including Orange and Imperial counties and Baja California as well as other venues.
3. LJAA also supports its members by providing opportunities for them to enhance their artistic skills through participation in workshops and formal training.
4. LJAA also supports nonprofit 501(c)(3) organizations by participating in special exhibition opportunities to raise funds for them.

5. LJAA shall use ***“Many artists. One Passion™”*** as its official slogan.
6. This organization is organized exclusively for charitable, religious, educational, and/or scientific purposes as specified in Section 501 (c)(3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3). Of the Internal Revenue code.

ARTICLE IV MEETINGS

1. The annual membership meeting of this organization shall be conducted each June on a date to be determined by the Board of Directors.
2. The Secretary shall ensure that every member is notified at his e-mail (or other) address as it appears on the membership roll of the time, date, and place of the annual meeting. This notification shall take place at least 21 days prior to the meeting date.
3. The presence of not less than ten (10%) percent of the total membership at the annual meeting shall constitute a quorum and shall be necessary to conduct business. Attendance of a lesser percentage shall require adjournment of the meeting to be reconvened within four weeks. The Secretary shall notify all members who were not present at the meeting originally called advising of the time, date, and place that the meeting shall be resumed.
4. a. Special meetings of this organization may be called by the President when he/she deems it for the best interest of LJAA. Notification will be made to all members who appears on the membership roll book of the time, date, and place of the meeting at least ten (10) days prior to the meeting. The business to be conducted at such a meeting must be identified. At the request of two thirds of the Board of Directors, the President shall cause a special meeting to be called, subject to the same conditions previously outlined in this paragraph.

b. No other business but that specified in the notice may be conducted at such special meeting without the unanimous consent of the members present at such meeting.

ARTICLE V VOTING

1. At all meetings, except for the election of officers, votes shall be by voice. Election of officers and members of the Board of Directors shall be by secret ballot, unless the rule is suspended by a two-thirds vote of the members present.
2. If a secret ballot is required, the President shall appoint two or more inspectors of election to count and report findings to those present. No inspector of election shall be a candidate for officer nor be personally interested in the question voted upon.
3. LAA may also use voting by e-mail. Ballots on the issue(s) shall be provided to members of the Board of Directors or to the general membership, as appropriate. The President shall be responsible for conducting e-mail voting, reporting results as appropriate. Printed copies of all email ballots returned by members shall be provided the Board of Directors (or the general membership) for authentication and certification. E-mail voting will not be used for the election of officers or board members of the organization. E-mail voting to add, delete, or amend bylaws may be executed by a fifty-one (51%) percent vote of the membership.

**ARTICLE VI
ORDER OF BUSINESS**

1. Roll call.
2. Reading of the minutes of the preceding meeting.
3. Reports of committees.
4. Reports of officers.
5. Old and Unfinished business
6. New business.
7. Adjournment(s).

**ARTICLE VII
BOARD OF DIRECTORS**

1. The business policies of this organization shall be managed by the **Board of Directors** consisting of from nine (9) to thirteen (13) members elected for two-year terms by the general membership. Board members may not serve for more than three consecutive terms.

2. The **officers** of the organization shall be elected by the general membership and are members of the Board of Directors.
3. The Board of Directors shall have the control and management of the affairs and business of this organization. Such Board may only act in the name of the organization when it shall be convened by the President after due notice to all the members of the meeting.
4. Fifty (50%) percent of the members of the Board need to be present at board meetings to constitute a quorum. Meetings shall be held regularly on a date selected by the President in **September, December, March, and June**, or at such other times as called by the President.
5. Each director shall have one vote and such voting may be accomplished by written proxy.
6. The Board of Directors may make such rules and regulations as it may in its discretion determine necessary for operation of LJAA.
7. Vacancies in the Board of Directors shall be filled by a majority vote of the remaining members of the Board of Directors for the balance of an unexpired term.
8. The President of the organization by virtue of his/her office is Chairman of the Board of Directors.
9. A director may be removed when sufficient cause exists. The Board of Directors shall adopt such rules for this as in its discretion it considers necessary for the best interest of the organization.
10. Directors shall not receive any compensation for their services, except that each director is entitled to receive from the corporation reimbursement of expenses incurred by the director in the furtherance of the corporation's business. Nothing contained in this Section shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation for that service. The salaried individuals can not vote on their own compensation and the compensation decisions shall be made by the unrelated board members.

**ARTICLE VIII
OFFICERS**

1. The officers of the organization shall be **President, Vice President, Secretary, and Treasurer.**
 - a. The **President** shall
 - (1) Preside at all membership meetings.
 - (2) By virtue of his/her office be Chairman of the Board of Directors.
 - (3) Be present at each annual meeting of the organization and report upon the work of the organization.
 - (4) Appoint all committee members, temporary, or permanent.
 - (5) Supervise the administration of the organization.
 - (6) Have such powers as may be reasonably consistent to the chief executive of any organization.
 - (7) Be one of the officers who may sign the checks issued by the organization.
 - b. The **Vice-President** shall in the event of the absence or inability of the President to exercise his/her office become acting president of the organization with all the rights, privileges, and powers of the duly elected President and shall be assigned such other duties as designated by the Board of Directors.
 - c. The **Secretary** shall keep the minutes and records of the organization. It shall be his/her duty to:
 - (1) File any certificate required by federal and state agencies.
 - (2) Give and serve all notices to members of the organization.
 - (3) Be the official custodian of the records and files of the organization.
 - (4) May be one of the officers required to sign documents of the organization.
 - (5) Submit to the Board of Directors any comments that shall be addressed to him/her as Secretary of the organization.
 - (6) Attend to all correspondence of the organization and exercise all duties incident to the office of Secretary.
 - d. The **Treasurer** shall have the care and custody of all financial records of the organization and shall be solely responsible for any securities of the organization. It shall be his/her duty to:
 - (1) Cause to be established and subsequently maintain appropriate accounts at banks, trust companies or investment institutions. The Board of Directors must approve of any investments beyond normal checking or savings accounts, insuring that they shall be legal for this organization in the State of California.

(2) Be one of the officers who shall sign checks for the organization. No special fund may be established that it shall be unnecessary for the Treasurer to sign checks on behalf of the organization.

(3) Render at stated periods as the Board of Directors shall determine a written account of the finances of the organization and the report shall be physically affixed to the minutes of the meeting(s) of the Board of Directors.

(4) Exercise all duties incident to the office of the Treasurer.

2. **Officers** by virtue of their office shall be members of the Board of Directors.

3. The **officers** of the corporation shall not be eligible for any compensation.

ARTICLE IX SALARIES

The Board of Directors shall hire and fix the compensation of all employees which they in their discretion may determine to be necessary for the conduct of the business of the organization.

ARTICLE X COMMITTEES

All committees of this organization shall be established by the Board of Directors, and except for permanent committees, shall have a specific term of operation, unless changed by the Board of Directors.

ARTICLE XI DUES AND ASSESSMENTS

1. The annual dues of this organization shall be payable in January of each year. The amount of annual dues and who are subject to paying them may be established and changed by a two-thirds vote of the Board of Directors.
2. The amount of annual dues and who are subject to paying them may be established and changed by a two-thirds vote of the Board of Directors.
3. Those accepted as members from July through December of each year shall pay a prorated amount of fifty (50%) of the annual dues for the balance of the year.
4. Special assessments may be established or changed by two-thirds vote of the Board of Directors.

**ARTICLE XII
AMENDMENTS**

These Bylaws may be altered, amended, or repealed by an affirmative vote of not less than two-thirds (67%) percent of the members present at the annual general membership meeting or special meeting or by 51% of the membership by an e-mail vote.

**ARTICLE XIII
IRC 501 (C)(3) TAX EXEMPTION PROVISIONS**

1. No substantial part of the activities of this corporation shall be propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Internal Revenue code, and this corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, in opposition to, any candidate for public office. Notwithstanding any other provision of these Bylaws, this corporation shall not carry on any activities not permitted to be carried on
 - a. By a corporation exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Code or
 - b. By a corporation, contributions to which are deductible under section 170 (c)(2) of the Internal Revenue Code.
2. No part of the net earnings of corporation shall inure to the benefit of, or be distributable to, its members, directors or trustees, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this corporation.
3. Upon the dissolution of this corporation, its assets remaining after payments, or provision for payment, of all debts and liabilities of this corporation shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3) of the Internal Revenue Code or shall be distributed to the federal government or a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.
4. In any taxable year in which the corporation becomes a private foundation as described in Section 509 (a) of the Internal Revenue Code, the corporation
 - a. Shall distribute its income for said period at such time and manner as not to subject to tax under Section 4942 of the Internal Revenue Code:

- b. Shall not engage in any act of self-dealing as defined in Section 4941 (d) of the Internal Revenue code;
- c. Shall not retain any excess business holdings as defined in Section 4943 © of the Internal Revenue Code;
- d. Shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue code;
- e. Shall not make any taxable expenditure as defined in Section 4945 (d) of the Internal Revenue Code.

**ARTICLE XIV
CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES**

1. The purpose of this conflict of interest policy is to protect this tax-exempt corporation'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 corporation or any "disqualified person" as defined in Section 4958 (f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

2.
 - a. Interested Person.

Any director, principal officer, member of a committee with Board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue code and as amplified by Section 53.4958-3 of the IRS Regulations, 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:

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

 - (2) A Compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or

- (3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation 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 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate Board of Directors or committee decides that a conflict of interest exists.

3.

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 Board delegated powers 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 Board of directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

c. Procedures for Addressing the Conflict of Interest

An interested person may make a presentation at the Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board of Directors or committee shall determine whether the corporation 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.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, for

its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

d. Violations of the Conflicts of Interest Policy.

If the Board of Directors or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. The minutes of meetings of the Board of Directors and all committees with Board delegated powers shall contain:
 - a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the decision of the Board of Directors or committee as to whether a conflict of interest in fact existed.
 - b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
5. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers, and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the Board of a duly constituted compensation committee of the Board shall also comply with the following additional requirements and procedures:

- a. The terms of compensation shall be approved by the Board or compensation committee prior to the first payment of compensation.
- b. All members of the Board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each Board member or committee member approving a compensation arrangement between this organization and a “Disqualified person” (as defined in Section 4958-6(f)(l) of the Internal Revenue code and as amplified by Section, 53.4958-3 of the IRS Regulations):

- (1) Is not the person who is the subject of compensation arrangement, or a family member of such a person;
- (2) Is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement.
- (3) Does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement.
- (4) Has no material financial interest affected by the compensation arrangement; and
- (5) Does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the Board or committee member.

c. The Board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:

- (1) Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. “Similarly situated” organizations are those of a similar size and purpose and with similar resources.

- (2) The availability of similar services in the geographic area of this organization.
- (3) Current compensation surveys compiled by independent firms.
- (4) Actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.

As allowed by IRS Regulation 4958-6, if organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the Board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

d. the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the Board or compensation committee that approved the compensation. Such documentation shall include:

- (1) The terms of the compensation arrangement and the date it was approved;
- (2) The members of the Board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each Board or committee member;
- (3) The comparability data obtained and relied upon and how the data was obtained;
- (4) If the Board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the Board or committee shall record in the minutes of the meeting the basis for its determination.
- (5) If the Board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the Board or committee meeting.
- (6) Any actions taken with respect to determining if a Board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a

finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).

- (7) The minutes of Board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next Board or committee meeting or 60 days after the final actions of the Board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the Board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next Board or committee meeting following final action on the arrangement by the board or committee.
- (8) Each director, principal officer, and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:
 - a. Has received a copy of the conflicts of interest policy,
 - b. Has read and understands the policy,
 - c. Has agreed to comply with the policy, and
 - d. Understands the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- (9) To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
 - a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.
- (10) When conducting the periodic reviews as provided for in Section 7, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of Directors of its responsibility for ensuring periodic reviews are conducted.

Signed by:

President: Nicole A. Caulfield _____

Vice President: Dorothy A. (Dottie) Stanley _____

Secretary: Leah Higgins _____

Treasurer: Jeffrey Brosbe _____

Approved by unanimous vote of members of the La Jolla Art Association September 27, 2019.