



Orange County Fire Authority Foundation
Special Meeting Agenda
Friday, November 15, 2024
12 noon

OCFA Headquarters
Regional Fire Operations and Training Center
Boardroom
1 Fire Authority Road
Irvine, California 92602

Board Members

Doug Davert, Chair • Chris Lowe, Vice Chair
Sherri Butterfield • Al Murray • Gene Hernandez

Staff

Brian Fennessy, Chief Executive Officer
Jim Ruane, Chief Financial Officer
David Kendig, Legal Counsel
Maria Huizar, Secretary

NOTICE REGARDING
PUBLIC ACCESS AND PARTICIPATION

This meeting is open to the public. Committee members will participate in person. There are several alternative ways to make comments including:

In Person Comments at Meeting:

Any member of the public may address the Committee on items within their subject matter jurisdiction, but which are not listed on this agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. We request comments made on the agenda be made at the time the item is considered and that comments be limited to three minutes per person. Please address your comments to the Committee and do not engage in dialogue with individual Board Members, Authority staff, or members of the audience.

If you wish to speak, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority prior to item being considered. Speaker Forms are available at the entryway of meeting location.

E-Comments: Alternatively, you may email your written comments to OCFAFoundation@ocfa.org. E-comments will be provided to the Committee members upon receipt and will be part of the meeting record as long as they are received during or before the Committee takes action on an item. Emails related to an item that are received after the item has been acted upon by the Committee will not be considered.

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Board of Directors after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact the Clerk of the Authority at (714) 573-6040 Thursday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at <https://www.ocfa.org/aboutus/OCFAFoundation.aspx>

CALL TO ORDER – Chair Davert

PLEDGE OF ALLEGIANCE – Director Hernandez

ROLL CALL – Secretary Huizar

PUBLIC COMMENTS

1. CONSENT CALENDAR ITEMS

A. Minutes from the OCFA Foundation Board of Directors Special Meeting held on August 27, 2024

Submitted by: Maria Huizar, Secretary

Recommended Action:

Approve as submitted.

2. NEW BUSINESS

A. Financial Update

Presented by: Jim Ruane, Chief Financial Officer

Recommended Action:

Receive the Financial Statements and Independent Auditor's Report for the year ending June 30, 2024, confirm the Foundation officers' transfer of program funds as outlined in the staff report, and approve staff recommendation that the Foundation continue to provide financial support for the programs as presented.

B. Review and Discuss Proposed Amendments to the OCFA Foundation Bylaws and Implementation Timeline

Presented by: Wendy Robinson

Recommended Action:

Review and discuss proposed amendments to the OCFA Foundation Bylaws and direct staff to develop a timeline for implementing these changes. Additionally, instruct staff to provide status updates to the Chair, Vice Chair, and CEO throughout the implementation process.

REPORTS

- **Girls Empowerment Camp**

BOARD MEMBER COMMENTS

ADJOURNMENT

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury and as required by the State of California, Government Code § 54954.6, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 24 hours prior to the meeting.

Maria D. Huizar
Secretary



Orange County Fire Authority Foundation
Special Meeting Minutes
Tuesday, August 27, 2024
11:30 a.m.

Orange County Fire Authority
Regional Fire Operations and Training Center
Boardroom
1 Fire Authority Road
Irvine, California 92602

Doug Davert, Chair
Chris Lowe, Vice Chair
Sherri Butterfield, Director
Al Murray, Director (Absent)

Brian Fennessy, CEO (Remote)
Jim Ruane, CFO
David E. Kendig, General Counsel
Maria D. Huizar, Secretary

CALL TO ORDER

The meeting was called to order at 11:34 a.m.

PLEDGE OF ALLEGIANCE

Director Butterfield led the Foundation in the Pledge of Allegiance.

ROLL CALL

Director Murray was absent.

PUBLIC COMMENTS

The public offered no comments.

1. CONSENT CALENDAR

On motion of Director Lowe, and seconded by Director Butterfield the Board approved Agenda Items 1A and 1B by acclamation (Director Murray absent).

A. Minutes from the OCFA Foundation Board of Directors Special Meeting held on December 21, 2023

Submitted by: Maria Huizar, Secretary

Recommended Action:

Approve as submitted.

B. Minutes from the OCFA Foundation Board of Directors Special Meeting held on April 22, 2024

Submitted by: Maria Huizar, Secretary

Recommended Action:

Approve as submitted.

2. DISCUSSION CALENDAR

C. ITEM TAKEN OUT OF ORDER - Appointment of Gene Hernandez to the Orange County Fire Authority Foundation

On motion of Director Lowe and seconded by Director Butterfield, the Board approved by a vote of 3-0 (Director Murray absent) to appoint Gene Hernandez to the Orange County Fire Authority Foundation.

B. Authorization to Award a Professional Services Contract for Management Consulting Services

On motion of Director Lowe, seconded by Director Butterfield, the Board approved by a vote of 3-0 (Director Hernandez abstained and Director Murray absent) to authorize the Chair, Chief Financial Officer, or Chief Executive Officer to execute a professional services agreement (PSA) with Wendy Robinson Consulting in a form and content approved by the Chief Financial Officer, the Chair of the Foundation, and Foundation Legal Counsel for consulting services to strengthen the Foundation's organizational infrastructure and strategic development. The approved PSA will include the following mandatory terms: a) An initial term of no more than six months (which may be extended by the Board at a later date); b) Termination of the PSA at the discretion of the Foundation upon Consultant's receipt of notice; and c) Hourly compensation and expenses not to exceed \$4,000 per month.

A. ITEM TAKEN OUT OF ORDER Foundation Supported Programs - Financial Status and Transfer Authorization

On motion of Director Lowe and seconded by Director Butterfield, the Board approved by a vote of 4-0 (Director Murray absent) to authorize the Foundation CFO to complete inter-program fund transfers as specified in the staff report.

FOUNDATION MEMBERS COMMENTS

Directors Butterfield, Lowe, and Chair Davert honored the remarkable contributions of Foundation member Tom Wilson, who passed away on July 17, 2024, leaving an enduring legacy that deeply influenced Orange County. Wilson faithfully served as the first Chair of the Orange County Fire Authority, a member of the Laguna Niguel City Council, the County Board of Supervisors, the Orange County Transportation Authority, and held numerous leadership roles across local organizations countywide. The meeting was adjourned in his memory.

ADJOURNMENT

Chair Davert adjourned the meeting at 11:54 p.m.

**In Memory of
Thomas “Tom” Wilson**

Maria D. Huizar, CMC
Foundation Secretary

DISCUSSION CALENDAR - AGENDA ITEM NO. 2A
OCFAF BOARD OF DIRECTORS MEETING
November 15, 2024

TO: Board of Directors, Orange County Fire Authority Foundation

FROM: Jim Ruane, Chief Financial Officer (OCFA Foundation)

SUBJECT: Update on Foundation Supported Activity and Financial Status

Summary:

This agenda item is submitted to provide an update on the Foundation's financial activity and standing as of fiscal year ending June 30, 2024, and an overview of the programs supported by the Foundation.

Recommended Action:

Receive and file financial summary report, audited financial statements for FY 2023/24 with report on review of internal controls, confirm the Foundation officer's transfer of program funds as outlined in the staff report, and approve staff recommendation that the Foundation continue to provide financial support for the programs as presented.

Fiscal Impact:

None.

Background:

The following report sections provide an overview of this past year's activities, a financial summary of donation revenues and costs to support Foundation programs, and presentation of the Foundation financial statements and auditor's opinion letter for the year ending June 30, 2024.

Foundation Programs Activity and Financial Summary

This past year, donations accepted by the foundation during the fiscal year, combined with available balances in the individual program and general/unrestricted account balances, were sufficient to allow operation of all Board approved programs. Most notable include the Best & Bravest event held in July 2024, which recognizes outstanding achievements by OCFA staff ranging from Reserve Firefighter to Battalion Chief, and the highly successful outreach programs, including the Girls Empowerment Camp held in September.

The below table chart provides a financial summary of sources and uses, and program balances for the fiscal year ending June 30, 2024. The balances are adjusted to include the transfer from unrestricted "general" purpose Foundation balance to the Girls Empowerment Camp approved by the Board at their meeting on August 20, 2024.

02A- Update on Foundation Supported Activity and Financial Status

Foundation Sources, Support Costs, and Balances by Programs

Period Ending June 30, 2024	Support Costs	Program Revenue	Program Transfers ¹	Program Balance ²	Comment
Best & Bravest Event	\$135	\$5,466	\$40,354	\$44,429	
Community Risk Reduction	\$8,256	\$400	\$0	\$28,969	Smoke Alarms, Fire Friends, Drowning Prevention
Employee Health & Welfare - Rowing	\$6,459	\$0	\$354	(\$4,113)	Rowing Challenge
Employee Health & Welfare - Other	\$0	\$0	\$1,772	\$32,747	Fitness Challenges
Fire Stations	\$0	\$0	\$0	\$26,757	Various stations per donor designation
Toy Drive	\$15,267	\$19,375	\$709	\$6,778	Spark of Love
Training - Girls Empowerment Camp ¹	\$0	\$154	\$25,000	(\$22,846)	
Training - Fire Cadet Academy	\$32,525	\$32,216	\$0	\$38,462	
Unrestricted/Other Programs/Admin.	\$101,525	\$114,796	(\$68,189)	\$152,287 ³	
Total	\$164,167	\$172,407	\$0	\$303,470	

¹ Prior Board authorized one-time and ongoing transfers; includes Board approved transfer in Aug. 2024 of \$25K to GEC

² Includes prior year carry-forward

³ Includes Year-End Audit Adjustments if applicable

Distribution and/or Transfer of Donated Funds

In order to effectively implement the programs of the Foundation, the Foundation bylaws (section 9.6.5.3) permit available unrestricted “general” purpose Foundation balance to be redistributed as needed, via inter-program transfer of funds, to cover program support costs, and due to the lead times necessary to prepare for Foundation events and programs, including procurement of related equipment and supplies.

At the Board of Director’s meeting on August 20, 2024 a \$25,000 inter-program transfer from Foundation general/unrestricted funds was approved to support the 2024 Girls Empowerment Camp. The report explained that after receiving future additional donations in support of the camp, a final transfer as needed to offset program costs may be recommended. After receipt of all donations and expenditures in support of the 2024 Girls Empowerment camp, an additional transfer from unrestricted funds in the amount of \$23,000 is recommended to fully offset the event costs.

Staff is also seeking authorization to transfer \$10,000 from unrestricted funds to the Spark of Love Toy Drive. This is recommended due to the loss of corporate sponsorship that has historically been available from KABC Channel 7. **Additionally, \$5,000 is proposed to support community-based reserve firefighters in areas with low recruitment by providing EMT scholarships. Staff is also seeking authorization to accept donations for the RFOTC Holiday Luncheon.** The final transfer authorization requested is to cover the operating costs of the Employee Health and Welfare Rowing Challenge in the amount of \$4,113.

Audited Financial Statements and Related Reports

The accounting firm for the Foundation, Tahim and Associates, has prepared the Foundation’s financial statements and opinion letter for fiscal year ending June 30, 2024. There were no audit findings or material internal control weaknesses. The statements are provided as Attachment 1.

Since the Foundation is reported as a discrete component unit within OCFA’s Financial Statements, similar to the employee retirement system (OCERS), financial statements representing the Foundation’s financial position were incorporated into the OCFA’s Annual Comprehensive Financial Report (ACFR) by OCFA’s accounting firm, Clifton, Larson, Allen

02A- Update on Foundation Supported Activity and Financial Status

LLP (CLA). As anticipated, variances were observed between the separately prepared audit reports, for which CLA concluded were immaterial.

Also, to maintain the tax-exempt status of the Foundation, forms RRF-1 Attorney General Registry of Charitable Trusts has been filed for 2023/24. The federal and state tax forms are currently in preparation by the Foundation's accounting firm.

Recommendation

Receive the Financial Statements and Independent Auditor's Report for the year ending June 30, 2024, confirm the Foundation officers' transfer of program funds as outlined in the staff report, and approve staff recommendation that the Foundation continue to provide financial support for the programs as presented.

Fiscal Impact:

None

Contact for Further Information:

Jim Ruane, OCFAF Chief Financial Officer JimRuane@ocfa.org

(714) 573-6801

Attachment:

Orange County Fire Authority Foundation financial statements for the year ending June 30, 2024

Orange County Fire Authority

Foundation

Financial Statements

For the Years Ended June 30, 2024, and

June 30, 2023

1 FIRE AUTHORITY ROAD

IRVINE CA 92602-0125

Prepared By:

Tahim & Associates, a Professional Corporation

INDEX TO FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Orange County Fire Authority Foundation
1 Fire Authority Road
Irvine, CA 92602-0125

Opinion

We have audited the financial statements of The Orange County Fire Authority Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2024, and June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and June 30, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

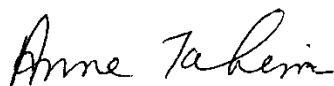
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Tahim and Associates,
A Professional Corporation
Santa Ana, California

October 20, 2024

Orange County Fire Authority Foundation
Statement of Financial Position
June 30, 2024, and June 30, 2023

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 311,508	\$ 328,218
Total Current Assets	\$ 311,508	\$ 328,218
PROPERTY AND EQUIPMENT		
Furniture and equipment	\$ 15,979	\$ 15,979
Accumulated depreciation	(5,660)	(4,861)
Total Fixed Assets	\$ 10,319	\$ 11,118
TOTAL ASSETS	\$ 321,827	\$ 339,336
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 8,000	\$ 21,542
Unearned revenue	5,130	14,850
Total Current Liabilities	\$ 13,130	\$ 36,392
Total Liabilities	\$ 13,130	\$ 36,392
NET ASSETS		
Without donor restrictions	\$ 234,482	\$ 199,197
With donor restrictions	74,215	103,747
Total Net Assets	308,697	302,944
TOTAL LIABILITIES AND NET ASSETS	\$ 321,827	\$ 339,336

Orange County Fire Authority Foundation
Statement of Activities
For the Years Ended June 30, 2024, and June 30, 2023

	<u>For the Year Ended June 30, 2024</u>			<u>For the Year Ended June 30, 2023</u>		
	Without		Total	Without		Total
	Donor Restrictions	With Donor Restrictions		Donor Restrictions	With Donor Restrictions	
OPERATING SUPPORT AND REVENUE						
Contributions	\$ 103,710	\$ 50,423	\$ 154,133	\$ 57,642	\$ 132,163	\$ 189,805
Program services	16,250		16,250	-	-	-
Nest assets released from restriction	79,955	(79,955)	-	111,493	(111,493)	-
Total Support and Revenue	\$ 199,915	\$ (29,532)	\$ 170,383	\$ 169,135	\$ 20,670	\$ 189,805
OPERATING EXPENSES						
Program services	\$ 146,912		146,912	\$ 206,564	\$ -	\$ 206,564
Management and general	17,718	-	17,718	23,751	-	23,751
Total Expenses	\$ 164,630	\$ -	\$ 164,630	\$ 230,315	\$ -	\$ 230,315
CHANGE IN NEST ASSETS						
Net income (loss) from operations	\$ 35,285	\$ (29,532)	\$ 5,753	\$ (61,181)	\$ 20,670	\$ (40,510)
Change in net assets	\$ 35,285	\$ (29,532)	\$ 5,753	\$ (61,181)	\$ 20,670	\$ (40,510)
NET ASSETS,						
Beginning of Year	\$ 199,196	\$ 103,747	\$ 302,944	\$ 260,377	\$ 83,077	\$ 343,454
NET ASSETS, END OF YEAR	\$ 234,482	\$ 74,215	\$ 308,697	\$ 199,196	\$ 103,747	\$ 302,944

Orange County Fire Authority Foundation
Statement of Functional Expenses
For the Years Ended June 30, 2024, and June 30, 2023

	<u>For the Year Ended June 30, 2024</u>			<u>For the Year Ended June 30, 2023</u>		
	<u>Program</u>	<u>Supporting</u>	<u>Total</u>	<u>Program</u>	<u>Supporting</u>	<u>Total</u>
<u>Services</u>	<u>Services,</u>	<u>Management</u>		<u>Services</u>	<u>Services,</u>	
		<u>and General</u>		<u>Management</u>	<u>and General</u>	
Awards and recognition	\$ 6,733	\$ -	\$ 6,733	\$ -	\$ -	\$ -
Clothing	7,210	-	7,210	-	3,437	3,437
Computer repairs and maintenance	-	-	-	-	300	300
Depreciation	-	799	799	-	799	799
Household expenses	-	-	-	7,155	-	7,155
Office supplies	803	-	803	-	946	946
Others	75	-	75	798	-	798
Postage	-	-	-	510	-	510
Printing	-	-	-	7,562	-	7,562
Professional	1,200	10,775	11,975	739	5,532	6,271
Program specific	129,403	-	129,403	145,461	-	145,461
Small tools and Instruments	-	-	-	1,812	-	1,812
Training and meetings	-	6,144	6,144	38,420	12,737	51,157
Transportation	1,488	-	1,488	-	-	-
Uniform	-	-	-	4,108	-	4,108
TOTAL EXPENSE BY FUNCTION	<u>\$ 146,912</u>	<u>\$ 17,718</u>	<u>\$ 164,630</u>	<u>\$ 206,564</u>	<u>\$ 23,751</u>	<u>\$ 230,315</u>

Orange County Fire Authority Foundation
Statement of Cash Flows
June 30, 2024, and June 30, 2023

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 5,753	\$ (40,510)
Depreciation	799	799
Changes in:		
Accounts payable	(13,542)	\$ (1,677)
Unearned revenue	(9,720)	13,500
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (16,710)</u>	<u>\$ (27,888)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,710)	(27,888)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 328,218	356,106
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 311,508</u>	<u>\$ 328,218</u>

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 1: DESCRIPTION OF THE COMPANY

The Orange County Fire Authority Foundation (the Foundation) is a 501© (3) nonprofit organization and was formed in October of 2009. The Foundation was created to assist the Orange County Fire Authority (OCFA) in raising or securing funds, services, materials, and contributions to support the OCFA's mission by providing additional resources to enhance the level of fire prevention, suppression, and emergency medical services to the citizens of Orange County. The Foundation is funded primarily from contributions for supporting OCFA's fire service. The funds raised will allow the Foundation to provide additional level of technology, equipment, tools and training education, and community outreach to the citizens of Orange County that would not be available with the Foundation's current budget.

The Foundation operates in Irvine, California.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation

Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has discretionary control over these resources.
- *Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting

The books and records of the Foundation are maintained on an accrual basis of accounting for financial statements purposes, whereby revenue is recognized when earned, and expenses are recognized when incurred.

Assumptions and estimation uncertainties

The Foundation prepares its financial statements in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenditure during the reporting periods.

Management periodically evaluates estimates used in the preparation of financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. Actual results may differ from these estimates and such differences could be material. The most significant estimates and assumptions relate to useful lives assigned to fixed assets.

Revenue Recognition

All contributions are considered without restrictions unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give, in substance and unconditionally. Donations that are not expended in the current year are classified as donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as increase of assets, decrease of liabilities, or increase expenses depending on the form of the benefits received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional.

Cash and Cash Equivalents

State of Summary #125 fund of the Foundation are maintained by the OCFA Treasurer. The Foundation also maintains an account with a local bank, in which receipts from donations are deposited to the local bank account. The Foundation considers all unrestricted short-term investments with an original maturity of three (3) months or less to be cash equivalents. Cash and

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

cash equivalents consisted of deposits with financial institutions and with OCFA in \$311,588 and \$328,218 at June 30, 2024, and June 30, 2023, respectively.

Deposits

The California Government Code requires California banks and savings and loan associations to secure a government entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure a government entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

The OCFA Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public District depositors.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

Cash on deposit with OCFA

Cash on deposit with OCFA cannot be assigned a credit risk category because the Foundation does not own specific securities. However, the OCFA's investment policies and practices regarding the credit and market risks have been determined acceptable to the Foundation's investment policies.

Fair Value Cash on deposit with OCFA is \$65,530 and \$248,011 for the years ended June 30, 2024, and June 30, 2023, respectively.

Concentration of Credit Risk

The Foundation currently maintains substantially all its cash with a major financial institution except the #125 fund held by the OCFA. The Federal Deposit Insurance Corporation ("FDIC") insures each depositor for up to \$250,000. At June 30, 2024, and June 30, 2023, the Foundation had no funds in excess of FDIC insured limits for the local bank account. The Foundation has not experienced any losses in such an account.

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

Accounts receivable consist of amounts due from funding sources. There is no allowance for doubtful accounts because most of the receivables are from donations that are fully collectable. There are no accounts receivable for both years ended June 30, 2024, and June 30, 2023.

Long-Lived Assets

The Company reviews long-lived nonfinancial assets (including property and equipment and intangibles) for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company did not identify any long-lived nonfinancial assets as being impaired during 2024 and 2023.

Furniture and Equipment

Property and equipment are recorded at cost with depreciation provided using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Total depreciation expense for both years ended June 30, 2024, and June 30, 2023, was \$799. Repairs and maintenance to furniture and equipment are expensed as incurred.

When furniture and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are eliminated from the accounts, and any gain or loss on such disposition is reflected in income. It is the Foundation's policy to capitalize property and equipment over \$1,000.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation's principal program is to support the fire service of OCFA. Such allocations are determined by management on an equitable basis.

New Accounting Pronouncement

- (1) In February 2016, FASB issued [ASU 2016-02](#), Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. The guidance was effective for the Foundation beginning in fiscal year ended June 30, 2022.

- (2) In March 2020, the FASB issued [ASU 2020-04](#), Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides an optional practical expedient and exceptions for a limited time to ease the potential burden in accounting for reference rate reform on financial reporting. This guidance is effective for all entities as of March 12, 2020, through December 31, 2022, for all existing hedging and contract modifications. The Foundation determined that [ASU 2020-04](#) had no impact on the financial statements.

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The three levels of the fair value hierarchy are described as follows:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, directly i.e., derived from prices).

Level 3. Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The inputs used to measure the fair value of an asset, or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfer between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

The Company has several financial instruments, including cash, investments, accounts receivable, accounts payable, and accrued liabilities. Management estimates that the fair value of all financial instruments at December 31, 2024, and December 31, 2023, does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheet.

NOTE 4: CONTRIBUTIONS AND PROMISES TO GIVE

The Foundation's primary revenue sources are from donations, and material for events related to the Foundation's programs. Registration fees are reported at the estimated net realizable amount that reflects consideration to which the Foundation expects to be entitled in exchange for hosting certain events.

Program events are advanced funded through donations, as determined by the Foundation program balances. To plan for and operate the Foundation sponsored programs without interruption, the Foundation management may perform transfers from the Foundation unrestricted general funds to any given program, subject to approval of the Board of Directors. Also, the Board established preauthorized transfers of unrestricted general funds to specific programs.

There are no formal pledges received and/or recorded by the Foundation for the year ended June 30, 2024, and June 30, 2023, respectively.

NOTE 5: IN-KIND CONTRIBUTIONS

Contributions of services are recognized at fair value when received if the services require specialized skills, are provided by individuals or entities possessing those skills, and would typically need to be purchased if not donated. Contributions of program and other supplies are recorded at fair value upon receipt when there is an objective and reasonable basis upon which to value the in-kind contributions. These contributions are an integral part of the Foundation activities. The Foundation receives program supplies, shipping services, and event-related services from a variety of organizations.

Volunteers provide a variety of services to further the Foundation's mission. Volunteers serve as event

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 5: IN-KIND CONTRIBUTIONS - Continued

staff. The value of these services has not been recorded in the financial statements.

Donations of services are recognized in the financial statements if the service received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value.

The Board members and other individuals volunteer their time and perform a variety of tasks that assist the Foundation. These services, such as community education, safety awareness, and employee health and welfare, include coordination and operation of programs financially supported by the Foundation. In addition, the Board members and other individuals staff perform administrative support including (a) supervision, direct and control the Foundation's day-to-day activities, business and affairs, including hiring and supervising all the employees of the Foundation; (b) administration of the Foundation's Board activities, including coordinating and preparing agendas, meeting materials and minutes for the Board meetings, and maintaining the Foundation's records; and (c) financial oversight and management, such as preparing financial reports, managing and coordinating all financial activities of the Foundation. These volunteer services have not been recorded in the financial statements, as they do not meet the criteria outlined above.

Utilization of OCFA facilities for operation and support of the Foundation's activities does not result in material measurable shared facility costs. Program events occur primarily outdoors (estimated footage not applicable) resulting in no measurable utility or other facility costs. Foundation management and support staff perform Foundation related activities tangentially which may occur within OCFA facilities provided for staff's primary duties in their respective regular positions with the OCFA.

Legal costs related specifically to the Foundation activity are de minimis. The OCFA legal team assigns legal counsel to the Foundation Board meetings, which is provided on a no cost basis to OCFA or the Foundation.

For fiscal years ended June 30, 2024, and June 30, 2023, no supplies, materials, or equipment were donated or received by the Foundation.

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 6 – LEASE COMMITMENTS

No equipment has been leased by the Foundation for fiscal years ending June 30, 2024, and June 30, 2023. Short-term rentals such as tables, chairs, stage platforms, have been used in support of program events. Total rent expenses for such items incurred under operating leases are included in the Program Specific Expenses.

Note 7: RELATED PARTY

The Foundation is considered a component unit of OCFA because the nature and significance of its relationship with OCFA is such that its exclusion would cause OCFA's financial statements to be misleading or incomplete. Within these financial statements, the Foundation is reported as a discrete component unit on the government-wide financial statements.

NOTE 8: INCOME TAXES

No substantial part of the activities of this organization shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall this organization participate in or intervene in any political campaign (including publishing or distributing of statements) on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, this organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from Federal income tax under section 501 (c) (3) of the Internal Revenue Code of 1986 and California Revenue and Taxation Code Section 23701(d), or (b) by an organization contribution to which are deductible under section 170 (c) (2) of the Internal Revenue Code of 1986.

NOTE 9: UNCERTAIN TAX POSITION

[ASC 740-10-25-7](#) and [ASC 740-10-30-7](#) require an entity to assume that an uncertain tax position will be discovered by a taxing authority and that the taxing authority will examine the position with access to all relevant facts and information using resources that have sufficient experience and expertise in the area of tax law creating the uncertainty. [ASC 740](#)'s recognition guidance requires entities to presume that a taxing authority has full knowledge of a position, even if the entity has no history of being examined by taxing authorities or the chance of the taxing authority actually identifying the issue (if it were to conduct an audit) is remote.

The Foundation follows guidance in Accounting Standards Codification (“ASC”) 740, Income Taxes, which clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 9: UNCERTAIN TAX POSITION - Continued

position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and, accordingly, is not subject to federal income taxes. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions.

The Company has evaluated the tax positions at October 7, 2024, and has concluded that the position does not meet the more-likely-than-not recognition threshold.

NOTE 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Foundation financial assets at June 30, 2024, and June 30, 2023, reduced by amounts that have donor-imposed restrictions within one year of the balance sheet date. The Foundation maintains cash on hand to the available for its general expenditures, liabilities, and other obligations for on-going operations.

Cash and cash equivalents as of June 30, 2024,	\$311,508
Pledges receivable	<u>zero</u>
Total financial assets	\$306,470
Less amounts not available to be use within one year:	
Accounts payable & unearned revenue as of June 30, 2024	(13,130)
Contributions restricted – purpose restrictions	<u>(50,423)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$247,955</u>
Cash and cash equivalents as of June 30, 2023,	\$328,218
Pledges receivable	<u>zero</u>
Total financial assets	\$328,218
Less amounts not available to be use within one year:	
Accounts payable & Unearned Revenue of June 30, 2023,	(36,392)
Contributions restricted – purpose restrictions	<u>(132,163)</u>
Financial assets available to meet cash needs in general. expenditures within one year	<u>\$159,663</u>

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 20, 2024, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

DISCUSSION CALENDAR - AGENDA ITEM NO. 2B
OCFAF BOARD OF DIRECTORS MEETING
November 15, 2024

TO: Board of Directors, Orange County Fire Authority Foundation

FROM: Jim Ruane, Chief Financial Officer (OCFA Foundation)

SUBJECT: Review and Discuss Proposed Amendments to the OCFA Foundation Bylaws and Implementation Timeline

Summary:

The proposed amendments will enable the Orange County Fire Authority Foundation to function with enhanced clarity, efficiency, and compliance, promoting effective stewardship and responsiveness to community needs.

Recommended Action:

Review and discuss proposed amendments to the OCFA Foundation Bylaws and direct staff to develop a timeline for implementing these changes. Additionally, instruct staff to provide status updates to the Chair, Vice Chair, and CEO throughout the implementation process.

Fiscal Impact:

None.

Background:

The current bylaws of the Orange County Fire Authority Foundation, last revised in 2014, establish the guidelines and operational framework for the Foundation. Recent assessments identified several areas where updates and improvements are necessary to ensure efficient governance, align with best practices, and reflect current operational needs.

Key Proposed Amendments: The following notable changes have been proposed (strikeout text indicates deletions and underscores denote additions where applicable):

1. **Qualifications for Board Membership (Section 7.1.2):** Language requiring directors to have "prior experience in governmental, community organizations, or business or the fire service" has been modified to broaden the criteria, allowing for a more diverse and inclusive Board composition.
2. **Regular and Special Meetings (Sections 7.5 - 7.7):** New guidelines recommend quarterly meetings instead of annual meetings, in line with best practices for regular oversight. The frequency ensures more consistent financial and programmatic updates from staff to the Board, especially as fiduciary responsibilities grow with the Foundation's activities.
3. **Director Attendance Requirements (Section 7.4.2):** Modifications now allow the Board to define and enforce attendance expectations for directors, underscoring the importance of consistent participation in Foundation governance.
4. **Committee Authority and Roles (Article 8):** Proposed amendments define the powers and responsibilities of various Board committees, including the Audit Committee, aligning

committee functions with evolving regulatory standards and accountability.

5. **Compensation and Indemnification Policies (Articles 9 - 11):** Revised sections outline the non-compensatory nature of Board service, with the addition of updated indemnification clauses to protect directors in accordance with California Nonprofit Corporation Law.

During the development of the timeline, regular updates will be provided to ensure that the proposed changes align with the needs and vision of the Foundation.

These amendments seek to enhance the Foundation's governance structure by refining role definitions, strengthening accountability, and aligning meeting practices with the current operational scale. Additionally, the proposed changes respond to previous board feedback on streamlining roles and responsibilities, minimizing bureaucratic requirements, and ensuring timely fiscal oversight.

Contact for Further Information:

Jim Ruane, OCFAF Chief Financial Officer JimRuane@ocfa.org
(714) 573-6801

Attachment:

Proposed Amendments to the Bylaws

Bylaws of

Orange County Fire Authority Foundation

A California Nonprofit Public Benefit Corporation

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DEFINED TERMS USED IN THIS DOCUMENT

- “annual meeting” – Section 7.5
- “Articles of Incorporation” – [Section 7.2](#)~~Section 7.2~~
- “Attorney General” – Section [7.4.4](#)~~7.4.4~~
- “Board” – [Section 7.2](#)~~Section 7.2~~
- “California Nonprofit Corporation Law” – [Section 3.1](#)~~Section 3.1~~
- “Chair” – Section [9.6.19](#)~~6.1~~
- “Chief Financial Officer” – Section [9.6.49](#)~~6.5~~
- “Code” –Section 4.2
- “Committees” – [Section 8.1](#)~~Section 8.1~~
- “Corporation” – [Section 1.1](#)~~Section 1.1~~
- “Directors” – Section [7.1.17](#)~~1.1~~
- “e-mail” – Section [7.7.17](#)~~7.1~~
- “Officers” – [Section 9.1](#)~~Section 9.1~~
- “CEO” – Section **Error! Reference source not found.**
- “Secretary” – Section [9.6.39](#)~~6.4~~
- “Vice President” – Section [9.6.29](#)~~6.3~~

ARTICLE 1 NAME

Section 1.1 Corporate Name
The name of this corporation is **Orange County Fire Authority Foundation** (the “Corporation”).

ARTICLE 2 OFFICES

Section 2.1 Principal Office
The principal office of Orange County Fire Authority Foundation (the “Corporation”) for the transaction of its business shall be located in the County of Orange, California. The initial principal office shall be located at 1 Fire Authority Road, Irvine, CA 92602.

Section 2.2 Other Offices
The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to transact business.

ARTICLE 3 PURPOSES

Section 3.1 General Purpose
The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Corporation Law of California (“California Nonprofit Corporation Law”) for **public and charitable** purposes.

Section 3.2 Specific Purpose
The specific purpose of the Corporation shall include without limitation, **to assist the Orange County Fire Authority (OCFA), a California Joint Powers Authority and governmental entity organized under the laws of the State of California, in raising or securing funds, services, materials, and contributions of any kind necessary or desirable to support our mission by providing our employees the OCFA with the additional resources they need to provide an enhanced level of Fire Prevention, Suppression, and Emergency Medical Service to the citizens of Orange County. The funds raised will allow us to provide additional levels of technology, equipment, tools, training, education, and community outreach to the citizens of Orange County that would not be available with our current budget.**

ARTICLE 4 LIMITATIONS

Section 4.1 Political Activities
The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in Article 3~~Article 3~~, and it shall be nonprofit and nonpartisan. No part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

Section 4.2 Prohibited Activities
The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Article 3~~Article 3~~. The Corporation may not carry on any activity for the profit of its Officers, Directors or other persons or distribute any gains, profits or dividends to its Officers, Directors or other persons as such. Furthermore, nothing in Article 3~~Article 3~~ shall be construed as allowing the Corporation to engage in any activity not permitted to be carried on (i) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) or (ii) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

ARTICLE 5 DEDICATION OF ASSETS

- Section 5.1 Property Dedicated to Nonprofit Purposes
The property of the Corporation is irrevocably dedicated to **public and charitable** purposes. No part of the net income or assets of the Corporation shall ever inure to the benefit of any of its Directors or Officers, or to the benefit of any private person, except that the Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 3~~Article 3~~ hereof.
- Section 5.2 Distribution of Assets Upon Dissolution
Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for **public and charitable** purposes and which has established its tax exempt status under Section 501(c)(3) of the Code.

ARTICLE 6 MEMBERSHIPS

- Section 6.1 Members
The Corporation shall have no members within the meaning of section 5056 of the California Nonprofit Corporation Law.
- Section 6.2 Non-Voting Members
The Board may adopt policies and procedures for the admission of associate members or other designated members who shall have no voting rights in the Corporation. Such associate or other members are not “members” of the Corporation as defined in section 5056 of the California Nonprofit Corporation Law.

ARTICLE 7 DIRECTORS

- Section 7.1 Number and Qualifications
- 7.1.1 Number
The authorized number of directors of the Corporation (“Directors”) shall be not less than 3 5 nor more than ~~721~~, the exact authorized number to be fixed, within these limits, by resolution of the Board. ~~(Resolution No. 2012-01 has set the maximum number of Directors from three to five; adopted on 05/24/12)~~
- 7.1.2 Qualifications
Each Director must have been active in or had significant prior experience in governmental, community organizations, or business. ~~or the fire service.~~
- Section 7.2 Corporate Powers Exercised by Board
Subject to the provisions of the Articles of Incorporation of the Corporation (the “Articles of Incorporation”), California Nonprofit Corporation Law and any other applicable laws, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the board of Directors (the “Board”). The Board may delegate the management of the activities of the Corporation to any person or persons, management company or committee however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 7.3 Terms: Election of Successors

~~The initial Board is elected by the Incorporator. The Orange County Fire Authority Board Chair shall appoint three members to sit on the Foundation Board. The majority of the Foundation Board may not consist of members of the OCFA Board. Thereafter, the~~ Board Members will be selected by the existing Foundation Board by a simple majority. At the first annual meeting, the Directors shall be divided into three approximately equal groups and designated by the Board to serve one, two, or three year terms. Thereafter, the term of office of each Director shall be three years. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or if he/she is reappointed by the remaining Board Members whose term has not expired, or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law.

Section 7.4 Vacancies

7.4.1 Events Causing Vacancy

A vacancy or vacancies on the Board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) whenever the number of authorized Directors is increased; or (iii) the failure of the Board, at any meeting at which any Director or Directors are to be elected, to elect the full authorized number of Directors.

7.4.2 Removal

The Board may by resolution declare vacant the office of a Director who has been declared of unsound mind by an order of court, or convicted of a felony, or been found by final order or judgment of any court to have breached a duty under California Nonprofit Corporation Law.

In addition, the ~~Authority- OCFA~~ Board may by resolution declare vacant the office of a director who fails to attend two (2) consecutive unexcused Board meetings during any calendar year. This rule is established as a guideline to emphasize that importance of consistent attendance at Board meetings.

Directors may be removed without cause by a majority of Directors then in office.

7.4.3 No Removal on Reduction of Number of Directors

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

7.4.4 Resignations

Except as provided in this Section ~~7.4.47.4.4~~, any Director may resign by giving written notice to the Chair, the CEO, the Secretary, or the Foundation Board. Such a written resignation will be effective on the later of (i) the date it is delivered or (ii) the time specified in the written notice that the resignation is to become effective. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the California Attorney General (the "Attorney General").

7.4.5 Election to Fill Vacancies

If there is a vacancy on the Board, including a vacancy created by the removal of a Director, the Board may fill such vacancy by electing an additional director as soon as practicable after the vacancy occurs. If the number of Directors then in office is less than a quorum, additional directors may be elected to fill such vacancies by (i) the unanimous written consent of the Directors then in office, (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with section 5211 of the California Nonprofit Corporation Law, or (iii) a sole remaining Director.

Section 7.5 Regular Meetings

Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board, for the purposes of election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to in these Bylaws as the “annual meeting.” ~~Other regular meetings of the Board may be held at such time and place as the Board may fix from time to time by resolution. (Resolution No. 2012-02 established that regular meetings of the Foundation will be held quarterly at 4:30 p.m. on the fourth Thursday in the months of January, April, July, and October.) (Resolution No. 2014-01 re set the regular meetings to meet quarterly at 9:00 a.m. on the third Thursday in the months of January, April, July, and October; adopted on 01/23/14)~~

Section 7.6 Special Meetings

Special meetings of the Board for any purposed may be called at any time by the Chair, or the ECO, or the Vice President, of the Secretary, or by any two Directors. ~~(Adopted by Resolution No. 2014-02 on 01/23/14)~~

~~Section 7.7~~ Notice of Meetings

~~Section 7.7~~ ~~Meeting notices may be sent via email by the Executive Director or the Chairman of the Board.~~

7.7.1 Manner of Giving

Except when the time and place of a regular meeting is set by the Board by resolution in advance (as permitted by Section 7.5), notice of the time and place of all regular and special meetings of a majority of the members of the Board shall be given to each Director and the CEO, unless all Directors agree in writing or by email to dispense with written notice of the meeting. ~~(Adopted by Resolution No. 2014-02 on 01/23/14)~~

7.7.2 Time Requirements

Notices of regular and special meetings of a majority of the members of the Board shall be given to each Director and the CEO by email delivered not less than 24 hours in advance of the special meeting, unless all Directors consent in writing or by email to less notice. ~~(Adopted by Resolution No. 2014-02 on 01/23/14)~~

7.7.3 Notice Contents

The notice of a meeting shall state the time and place for the meeting, except that if the meeting is scheduled to be held at the principal office of the Corporation, the notice shall be valid even if no other place is specified. (Adopted by Resolution No. 2014-02 on 01/23/14)

Section 7.8 Place of Board Meetings

Special meetings of the Board may be held at any place within or outside the state that has been designated in the notice of the meeting, or, if not stated in the notice or, if there is no notice, designated by resolution of the Board. Regular meetings shall occur within the County of Orange at such location as is prescribed by resolution of the Board for regular meetings. If the place of a regular or special meeting is not designated in the notice or fixed by a resolution of the Board, it shall be held at the principal office of the Corporation. (Adopted by Resolution No. 2014-02 on 01/23/14)

7.8.1 Meetings by Telephone or Similar Communication Equipment

Any meeting of a majority of the members of the Board may be held by conference telephone or other communications equipment permitted by California Nonprofit Corporation Law, as long as all Directors participating in the meeting can communicate with one another and all other requirements of California Nonprofit Corporation Law are satisfied. All such Directors shall be deemed to be present in person at such meeting. ~~(Adopted by Resolution No. 2014-02 on 01/23/14)~~

Section 7.9 Quorum and Action of the Board

7.9.1 Quorum

A majority of Directors then in office (but no fewer than two Directors or one-fifth of the authorized number in Section ~~7.1.17.1.1~~, whichever is greater) shall constitute a quorum for the transaction of business, except to adjourn as provided in ~~Section 7.10~~Section 7.11.

7.9.2 Minimum Vote Requirements for Valid Board Action

Every act taken or decision made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by California Nonprofit Corporation Law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting.

7.9.3 When a Greater Vote Is Required for Valid Board Action

The following actions shall require a vote by a majority of all Directors then in office in order to be effective:

- (a) Approval of contracts or transactions in which a Director has a direct or indirect material financial interest as described in ~~Section 10.1~~Section 10.1 (provided that the vote of any interested Director(s) is not counted);
- (b) Creation of, and appointment to, Committees (but not advisory committees) as described in ~~Section 8.1~~Section 8.1;
- (c) Removal of a Director without cause as described in Section ~~7.4.2~~7.4.2; and
- (d) Indemnification of Directors as described in ~~Article 11~~Article 11.

~~Section 7.10~~ Waiver of Notice

~~The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present, and (ii) either before or after the meeting, each of the Directors who is not present at the meeting signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest.~~

~~Section 7.11~~Section 7.10 Adjournment

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

~~Section 7.12~~Section 7.11 Notice of Adjournment

Notice of the time and place of holding an adjourned meeting shall be provided to each Director and the CEO. ~~(Adopted by Resolution No. 2014-02 on 01/23/14)~~

~~Section 7.13~~Section 7.12 Conduct of Meetings

Meetings of the Board shall be presided over by the Chair, or, if there is no Chair or the Chair is absent, the Vice-Chair or, if the Vice-Chair and Chair are both absent, by the CEO or, in the absence

of each of these persons, by a chairperson of the meeting, chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that, if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings shall be governed by rules of procedure as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles, or with any provisions of law applicable to the Corporation.

Section 7.14~~Section 7.13~~ Action Without Meeting

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to the action. For the purposes of this ~~Section 7.13~~Section 7.14 only, “all members of the Board” shall not include any “interested Director” as defined in section 5233 of the California Nonprofit Corporation Law. Such written consent shall have the same force and effect as a unanimous vote of the Board taken at a meeting. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Written consent may be transmitted by first-class mail, messenger, courier, facsimile, e-mail or any other reasonable method satisfactory to the Chair or the

CEO. ~~(Adopted by Resolution No. 2014-02 on 01/23/14)~~

~~Fee~~Fee

~~Section 7.15~~ Fees and Compensation of Directors

The Corporation shall not pay any compensation to Directors for services rendered to the Corporation as Directors, ~~except that Directors may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved by the Board.~~

Also, Directors may not be compensated for rendering services to the Corporation in a capacity other than as Directors, unless such compensation is reasonable and further provided that not more than 49% of the persons serving as Directors may be “interested persons” which, for purposes of this ~~Section 7.15~~Section 7.14 only, means:

- (a) any person currently being compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full or part-time Officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; 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.

Section 7.16~~Section 7.14~~ Non-Liability of Directors

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

ARTICLE 8 COMMITTEES

Section 8.1 Committees of Directors

The Board may, by resolution adopted by a majority of the Directors then in office, create one or more Board Committees (“Committees”), including an executive committee, each consisting of two or more Directors, to serve at the discretion of the Board. Any Committee, to the extent provided in the resolution of the Board, may be given the authority of the Board except that no Committee may:

- (a) approve any action for which the California Nonprofit Corporation Law also requires approval of the members or approval of a majority of all members;

- (b) fill vacancies on the Board or in any Committee which has the authority of the Board;
- ~~(c) fix compensation of the Directors for serving on the Board or on any Committee;~~
- ~~(d)~~(c) amend or repeal Bylaws or adopt new Bylaws;
- ~~(e)~~(d) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- ~~(f)~~(e) appoint any other Committees or the members of these Committees;
- ~~(g)~~(f) expend corporate funds to support a nominee for Director after more persons have been nominated than can be elected; or
- ~~(h)~~(g) approve any transaction (i) between the Corporation and one or more of its Directors or (ii) between the Corporation or any entity in which one or more of its Directors have a material financial interest.

Section 8.2 Meetings and Action of Board Committees

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of ~~Article 7~~~~Article 7~~ concerning meetings of Directors, with such changes in the context of ~~Article 7~~~~Article 7~~ as are necessary to substitute the Committee and its members for the Board and its members; ~~except that the time for regular meetings of Committees may be determined by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board.~~ Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board ~~at quarterly Board meetings. from time to time as the Board may require.~~ The Board may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

Section 8.3 Quorum Rules for Board Committees

A majority of the Committee members shall constitute a quorum for the transaction of Committee business; ~~except to adjourn. A majority of the Committee members present, whether or not constituting a quorum, may adjourn any meeting to another time and place.~~ Every act taken or decision made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as an act of the Committee, subject to the provisions of the California Nonprofit Corporation Law relating to actions that require a majority vote of the entire Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Committee members, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 8.4 Revocation of Delegated Authority

The Board may, at any time, revoke or modify any or all of the authority that the Board has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee, and fill vacancies in a Committee from the members of the Board.

Section 8.5 Nonprofit Integrity Act/Audit Committee

In any fiscal year in which the Corporation receives or accrues gross revenues of two million dollars or more (excluding grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received), the Board shall (i) prepare annual financial statements using generally accepted accounting principles that are audited by an independent certified public accountant (“CPA”) in conformity with generally accepted auditing standards; (ii) make the audit available to the Attorney General and to the public on the same basis that the Internal Revenue Service Form 990 is required to be made available; and (iii) appoint an Audit Committee.

The Audit Committee shall not include staff or employees of the Corporation, the CEO or the Chief Financial Officer or treasurer (if any). If there is a finance committee, members of the finance committee shall constitute less than 50% of the membership of the Audit Committee and the chairperson of the Audit Committee shall not be a member of the finance committee. Subject to the supervision of the Board, the Audit Committee shall:

- (a) make recommendations to the Board on the hiring and firing of the CPA;
- (b) confer with the CPA to satisfy Audit Committee members that the financial affairs of the Corporation are in order;
- (c) approve non-audit services by the CPA and ensure such services conform to standards in the Yellow Book issued by the United States Comptroller General; and
- (d) if requested by the Board, negotiate the CPA's compensation on behalf of the Board.

Section 8.6

Advisory Committees

The Board may create one or more advisory committees to serve at the pleasure of the Board. Appointments to such advisory committees need not, but may, be Directors. The Board shall appoint and discharge advisory committee members. All actions and recommendations of an advisory committee shall require ratification by the Board before being given effect.

ARTICLE 9 OFFICERS

Section 9.1

Officers

The officers of the Corporation ("Officers") shall be a ~~Chief Executive Officer~~ Chairperson, a Secretary, and a ~~Chief Financial Officer~~ Treasurer. ~~These persons may, but need not be, selected from among the Directors.~~ The Board shall have the power to designate additional Officers, including a Vice ~~President~~ Chair, ~~who also need not be Directors~~, with such duties, powers, titles and privileges as the Board may fix, including such Officers as may be appointed in accordance with Section ~~9.6.59-6.6~~. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer ~~Chief Financial Officer~~ may serve concurrently as ~~either the CEO or~~ the Chair.

Section 9.2

Election of Officers

The Officers, except those appointed in accordance with Section ~~9.6.59-6.6~~, shall be elected by the Board at the annual meeting of the Corporation for a term of one year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or his or her earlier resignation or removal. Officers may be elected for three (3) consecutive terms.

Section 9.3

Removal of Officers

Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, with or without cause, (a) by the Board, at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or (b) by an Officer on whom such power of removal may be conferred by the Board.

Section 9.4

Resignation of Officers

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the Officer is a party.

Section 9.5 Vacancies in Offices

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the ~~Chairman~~ CEO or one appointed in accordance with Section ~~9.6.5~~ ~~9.6.6~~, such vacancy shall be filled temporarily by appointment by the CEO, or if none, by the Chair, and the appointee shall remain in office for 60 days, or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

Section 9.6 Responsibilities of Officers

9.6.1 Chair of the Board

The chairperson of the Board (the "Chair") shall be a Director and shall preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws.

9.6.1.1 Vice-Chair of the Board

The vice chair of the Board ("Vice-Chair") shall be a Director and shall, in the Chair's absence, preside at meetings of the Board and exercise and perform the powers of the Chair, and such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws.

~~9.6.2~~ ~~Chief Executive Officer~~

~~The chief executive officer of the Corporation (the "CEO") shall be the chief executive and shall, exercise and perform such powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws. The CEO shall, in addition, have the powers and duties prescribed in Section 9.7.~~

~~9.6.3~~ ~~9.6.2~~ Vice President

The vice president of the Corporation (the "Vice President"), if any is appointed by the Board, shall, in the absence or disability of the CEO, perform all the duties of the CEO and, when so acting, have all the powers of and be subject to all the restrictions upon, the CEO. The Vice President shall have such other powers and perform such other duties as may be prescribed by the Board.

~~9.6.4~~ ~~9.6.3~~ Secretary

The secretary of the Corporation (the "Secretary") shall attend to the following:

~~9.6.4.1~~ ~~9.6.3.1~~ Bylaws

The Secretary shall certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended to date.

~~9.6.4.2~~ ~~9.6.3.2~~ Minute Book

The Secretary shall keep or cause to be kept a minute book as described in Section 12.1 ~~Section 12.1~~.

~~9.6.4.3~~ ~~9.6.3.3~~ Notices

The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with these Bylaws.

~~9.6.4.4~~ ~~9.6.3.4~~ Corporate Records

Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director, or to his or her agent or attorney, these Bylaws and the minute book.

9.6.4.59.6.3.5 Corporate Seal and Other Duties

The Secretary shall keep or cause to be kept the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these Bylaws.

9.6.59.6.4 Chief Financial Officer

The chief financial officer of the Corporation (the “Chief Financial Officer”) shall attend to the following:

9.6.5.19.6.4.1 Books of Account

The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.

9.6.5.29.6.4.2 Financial Reports

The Chief Financial Officer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

9.6.5.39.6.4.3 Deposit and Disbursement of Money and Valuables

The Chief Financial Officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board; shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board; shall render, or cause to be rendered to the CEO and Directors, whenever they request it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Chief Financial Officer as may be prescribed by the Board or these Bylaws. The Chief Financial Officer is allowed to disburse funds up to \$5,000 with the Foundation Chair’s or Foundation Vice Chair’s prior approval for approved Foundation programs and allow disbursement of funds not to exceed the value for the donations to programs and activities not formally approved by the Foundation Board, but comply with the mission statement and Donation Policy. (Adopted by Resolution No. 2013-01 on 01/24/13)

9.6.5.49.6.4.4 Bond

If required by the Board, the Chief Financial Officer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

9.6.69.6.5 Additional Officers

The Board may empower the Chair to appoint or remove such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board from time to time may determine.

Section 9.7

President or Executive Director ~~Chief Executive Officer~~

Subject to such supervisory powers as may be given by the Board to the Chair, the CEO shall be the general manager of the Corporation, and subject to the control of the Board, shall supervise, direct and control the Corporation's day-to-day activities, business and affairs. The CEO shall be empowered to hire, supervise and fire all of the employees of the Corporation, under such terms and

having such job responsibilities as the CEO shall determine in his or her sole discretion, subject to the rights, if any, of the employee under any contract of employment. The CEO may delegate his or her responsibilities and powers subject to the control of the Board. He or she shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 9.8 Compensation of ~~Officers~~ Employees

~~9.8.1~~ Salaries Fixed by Board

~~The salaries of Officers, if any, shall be fixed from time to time by resolution of the Board or by the person or Committee to whom the Board has delegated this function, and no Officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director, provided, however, that such compensation paid a Director for serving as an Officer shall only be allowed if permitted under the provisions of Section 7.15. In all cases, any salaries received by Officers shall be reasonable and given in return for services actually rendered for the Corporation which relate to the performance of the public benefit purposes of the Corporation. No salaried Officer serving as a Director shall be permitted to vote on his or her own compensation as an Officer.~~

~~9.8.29.8.1~~ Fairness of Compensation

The Board shall periodically review the fairness of compensation, including benefits, paid to the President and Chief Financial Officer (i) once the Officer is hired; (ii) upon any extension or renewal of the Officer's term of employment; and (iii) when the Officer's compensation is modified (unless all employees are subject to the same general modification of compensation).

ARTICLE 10 TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

Section 10.1 Transactions with Directors and Officers

10.1.1 Interested Party Transactions

Except as described in Section ~~10.1.2~~~~10.1.2~~, the Corporation shall not be a party to any transaction:

- (a) in which one or more of its Directors or Officers has a material financial interest, or
- (b) with any corporation, firm, association, or other entity in which one or more Directors or Officers has a material financial interest.

10.1.2 Requirements to Authorize Interested Party Transactions

The Corporation shall not be a party to any transaction described in ~~10.1.1~~~~10.1.1~~ unless:

- (a) the Corporation enters into the transaction for its own benefit;
- (b) the transaction is fair and reasonable to the Corporation at the time the transaction is entered into;
- (c) prior to consummating the transaction or any part thereof, the Board authorizes or approves the transaction in good faith, by a vote of a majority of Directors then in office (without counting the vote of the interested Directors), and with knowledge of the material facts concerning the transaction and the interested Director's or Officer's financial interest in the transaction;
- (d) prior to authorizing or approving the transaction, the Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and

- (e) the minutes of the Board meeting at which such action was taken reflect that the Board considered and made the findings described in paragraphs (a) through (d) of this Section ~~10.1.2~~10.1.2.

10.1.3 Material Financial Interest

A Director or Officer shall not be deemed to have a “material financial interest” in a transaction:

~~(a) that fixes the compensation of a Director as a Director or Officer;~~

~~(b)~~(a) if the contract or transaction is part of a public or charitable program of the Corporation and it (1) is approved or authorized by the Corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more Directors or their families only because they are in the class of persons intended to be benefited by the program; or

~~(c)~~(b) where the interested Director has no actual knowledge of the transaction and it does not exceed the lesser of one percent of the gross receipts of the corporation for the preceding year or \$100,000.

Section 10.2 Loans to Directors and Officers

The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or Officer, ~~unless approved by the Attorney General; except that, however, the Corporation may advance money to a Director or Officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or Officer, if in the absence of such advance, such Director or Officer would be entitled to be reimbursed for such expenses by the Corporation.~~

~~The limitation above does not apply if (a) the loan is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of an Officer in order to secure the services of (or continued services of) the Officer and the loan is secured by real property located in California; or (b) the loan is for the payment of premiums on a life insurance policy on the life of a Director or Officer and repayment to the Corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value.~~

Section 10.3 Interlocking Directorates

No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Director(s) are present at the Board or Committee meeting that authorizes, approves or ratifies the contract or transaction, if (a) the material facts as to the transaction and as to such Director’s other directorship are fully disclosed or known to the Board or Committee, and the Board or Committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common Director(s) (subject to the quorum provisions of ~~Article 7~~Article 7); or if (b) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

Section 10.4 Duty of Loyalty; Construction with Article 11

Nothing in this ~~Article 10~~Article 10 shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation. Furthermore, nothing in this ~~Article 10~~Article 10 shall be construed to override or amend the provisions of ~~Article 11~~Article 11. All conflicts between the two articles shall be resolved in favor of ~~Article 11~~Article 11.

ARTICLE 11 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 11.1 Definitions

For purpose of this ~~Article 11~~Article 11:

- 11.1.1 “Agent”
means any person who is or was a Director, Officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Corporation or of another enterprise at the request of the predecessor corporation;
- 11.1.2 “Proceeding”
means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and
- 11.1.3 “Expenses”
includes, without limitation, all attorneys’ fees, costs, and any other expenses reasonably incurred in the defense of any claims or proceedings against an Agent by reason of his or her position or relationship as Agent and all attorneys’ fees, costs, and other expenses reasonably incurred in establishing a right to indemnification under this ~~Article 11~~Article 11.
- Section 11.2 Applicability of Indemnification Provisions
- 11.2.1 Successful Defense by Agent
To the extent that an Agent has been successful on the merits in the defense of any proceeding referred to in this ~~Article 11~~Article 11, or in the defense of any claim, issue, or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim.
- 11.2.2 Settlement or Unsuccessful Defense by Agent
If an Agent either settles any proceeding referred to in this ~~Article 11~~Article 11, or any claim, issue, or matter therein, or sustains a judgment rendered against him, then the provisions of ~~Section 11.3~~Section 11.3 through ~~Section 11.6~~Section 11.6 shall determine whether the Agent is entitled to indemnification.
- Section 11.3 Actions Brought by Persons Other than the Corporation
This ~~Section 11.3~~Section 11.3 applies to any proceeding other than an action “by or on behalf of the corporation” as defined in ~~Section 11.4~~Section 11.4. Such proceedings that are not brought by or on behalf of the Corporation are referred to in this ~~Section 11.3~~Section 11.3 as “Third Party proceedings.”
- 11.3.1 Scope of Indemnification in Third Party Proceedings
Subject to the required findings to be made pursuant to Section ~~11.3.2~~11.3.2, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any Third Party proceeding, by reason of the fact that such person is or was an Agent, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.
- 11.3.2 Required Standard of Conduct For Indemnification in Third Party Proceedings
Any indemnification granted to an Agent in Section ~~11.3.1~~11.3.1 above is conditioned on the following. The Board must determine, in the manner provided in ~~Section 11.5~~Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she reasonably believed to be in the best interest of the Corporation, and, in the case of a criminal proceeding, he or she must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 11.4

Action Brought By or On Behalf Of the Corporation

This ~~Section 11.4~~ applies to any proceeding brought (i) by or in the right of the Corporation, or (ii) by an Officer, Director or person granted relator status by the Attorney General, or by the Attorney General, on the ground that the defendant Director was or is engaging in self-dealing within the meaning of section 5233 of the California Nonprofit Corporation Law, or (iii) by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust (any such proceeding is referred to in these Bylaws as a proceeding “by or on behalf of the Corporation”).

11.4.1

Scope of Indemnification in Proceeding By or On Behalf Of the Corporation

Subject to the required findings to be made pursuant to Section ~~11.4.2~~~~11.4.2~~, and except as provided in Sections ~~11.4.3~~~~11.4.3~~ and ~~11.4.4~~~~11.4.4~~, the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or on behalf of the Corporation, by reason of the fact that such person is or was an Agent, for all expenses actually and reasonably incurred in connection with the defense or settlement of such action.

11.4.2

Required Standard of Conduct For Indemnification in Proceeding By or On Behalf Of the Corporation

Any indemnification granted to an Agent in Section ~~11.4.1~~~~11.4.1~~ is conditioned on the following. The Board must determine, in the manner provided in ~~Section 11.5~~~~Section 11.5~~, that the Agent seeking reimbursement acted in good faith, in a manner he or she believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

11.4.3

Claims Settled Out of Court

If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Corporation, with or without court approval, the Agent shall receive no indemnification for amounts paid pursuant to the terms of the settlement or other disposition. Also, in cases settled or otherwise disposed of without court approval, the Agent shall receive no indemnification for expenses reasonably incurred in defending against the proceeding, unless the proceeding is settled with the approval of the Attorney General.

11.4.4

Claims and Suits Awarded Against Agent

If any Agent is adjudged to be liable to the Corporation in the performance of the Agent’s duty to the Corporation, the Agent shall receive no indemnification for amounts paid pursuant to the judgment, and any indemnification of such Agent under Section ~~11.4.1~~~~11.4.1~~ for expenses actually and reasonably incurred in connection with the defense of that action shall be made only if both of the following conditions are met:

- (a) The determination of good faith conduct required by Section ~~11.4.2~~~~11.4.2~~ must be made in the manner provided for in ~~Section 11.5~~~~Section 11.5~~; and
- (b) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent is fairly and reasonably entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 11.5

Determination of Agent’s Good Faith Conduct

The indemnification granted to an Agent in ~~Section 11.3~~~~Section 11.3~~ and ~~Section 11.4~~~~Section 11.4~~ is conditioned on the findings required by those Sections being made by:

- (a) the Board by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or
- (b) the court in which the proceeding is or was pending. Such determination may be made on application brought by the Corporation or the Agent or the attorney or other person rendering

a defense to the Agent, whether or not the application by the Agent, attorney, or other person is opposed by the Corporation.

Section 11.6 Limitations

No indemnification or advance shall be made under this ~~Article 11~~~~Article 11~~, except as provided in Sections ~~11.2.1~~~~11.2.1~~ or ~~11.4.4~~~~11.4.4~~(b), in any circumstances when it appears:

- (a) that the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 11.7 Advance of Expenses

Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this ~~Article 11~~~~Article 11~~.

Section 11.8 Contractual Rights of Non-Directors and Non-Officers

Nothing contained in this ~~Article 11~~~~Article 11~~ shall affect any right to indemnification to which persons other than Directors and Officers of the Corporation, or any of its subsidiaries, may be entitled by contract or otherwise.

Section 11.9 Insurance

The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent, as defined in this ~~Article 11~~~~Article 11~~, against any liability asserted against or incurred by any Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against the liability under the provisions of this ~~Article 11~~~~Article 11~~.

ARTICLE 12 CORPORATE RECORDS, REPORTS AND SEAL

Section 12.1 Minute Book

The Corporation shall keep a minute book in written form which shall contain a record of all actions by the Board or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special, how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the Board or any Committee thereof; (v) the minutes of all meetings; (vi) any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; (vii) all written consents for action without a meeting; (viii) all protests concerning lack of notice; and (ix) formal dissents from Board actions.

Section 12.2 Books and Records of Account

The Corporation shall keep adequate and correct books and records of account. "Correct books and records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses.

Section 12.3 Articles of Incorporation and Bylaws

The Corporation shall keep at its principal office, the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

Section 12.4 Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns

The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

Section 12.5 Annual Report: Statement of Certain Transactions

The Board shall cause an annual report to be sent to each Director within 120 days after the close of the Corporation's fiscal year containing the following information:

- (a) The assets and liabilities 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 this fiscal year;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- (e) A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such ~~Ne~~ transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
 - (1) Any Director or Officer of the Corporation, its parent, or its subsidiary;
 - (2) Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

- (g) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director under ~~Article 10~~Article 10 or ~~Article 11~~Article 11.

Section 12.6 Directors' Rights of Inspection

Every Director shall have the absolute right at any reasonable time to inspect the books, records, documents of every kind, physical properties, and records of the Corporation and each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 12.7 Corporate Seal

The corporate seal, if any, shall be in such form as may be approved from time to time by the Board. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

ARTICLE 13 EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

- Section 13.1 Execution of Instruments
The Board, except as otherwise provided in these Bylaws, may by resolution authorize any Officer or agent of the Corporation 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. Unless so authorized, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.
- Section 13.2 Checks and Notes
Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation shall be signed by the President/Executive Director in amounts not to exceed \$5,000 and countersigned by any Board Officer for amounts over \$5,000.~~Chief Financial Officer and countersigned by the CEO.~~
- Section 13.3 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.
- Section 13.4 Gifts
The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of the Corporation.

ARTICLE 14 CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions of California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both the Corporation and a natural person. All references to statutes, regulations and laws shall include any future statutes, regulations and laws that replace those referenced.

ARTICLE 15 AMENDMENTS

- Section 15.1 Amendment by Directors
The Board may adopt, amend or repeal bylaws. Such power is subject to the following limitations:
- (a) Where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number.
 - (b) No amendment may extend the term of a Director beyond that for which such Director was elected.
 - (c) If bylaws are adopted, amended or repealed at a meeting of the Board, such action is authorized only at a duly called and held meeting for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefore, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.

ARTICLE 16 MISCELLANEOUS PROVISIONS

- Section 16.1 Fiscal Year
The fiscal year of this Foundation shall be July 1st to June 30th.

