

BYLAWS  
Animal Charity Evaluators  
State of Illinois  
Last updated: June 2016

ARTICLE I - Name

The name of the corporation shall be Animal Charity Evaluators (ACE). The corporation may, by a vote of the Board of Directors, change its name.

ARTICLE II - Purpose

The purpose of Animal Charity Evaluators shall be to find and advocate highly effective opportunities for improving the lives of animals.

ARTICLE III - Fiscal Year

The fiscal year of the corporation shall be from January 1 through December 31.

ARTICLE IV - Board of Directors

Section 1.     Number

The board of directors shall consist of not less than three (3) and not more than twelve (12) elected directors. In addition to elected members, the Executive Director will serve as an ex officio member of the board. Additional ex officio members may be invited to serve as approved by the board.

Section 2.     Manner of Election

A majority vote of the Board of Directors shall result in the election of a candidate to serve as a board member. At the final board meeting of the calendar year, a slate of officer nominees will be created. Any board member can nominate any board member to serve as an officer. At the first meeting of the fiscal year, officers will be elected by majority vote. In the event that an officer vacancy remains, the President may appoint an officer. Officer terms last one year with a three (3)-year term limit. After an officer has served three (3) years in one capacity, the officer may resume the office after a one-year hiatus.

Section 3.     Term of Office

Elected directors shall serve terms of three (3) years. Directors may be re-elected for a second consecutive three-year term. At the end of that term, directors must leave the board for a period of at least one year, at which point, they may inform the president of their willingness to be considered for nomination to another term. Former board members may continue to serve the corporation by participation in various committees, or, if the corporation so decides, through the creation of an advisory board.

Directors elected to serve a partial term, whether to fill a vacancy or for any other reason, shall be eligible to serve three (3) additional full years if and only if they were elected more than halfway through the fiscal year. If they were elected within the first six (6) months of the fiscal year, then that partial year will constitute a full year, and the director will be allowed to serve an additional two (2) years before being eligible for re-election of a second term.

#### Section 4. Attendance

Directors are expected to attend all regularly scheduled board meetings either in person or via teleconference. The President or Executive Director must be notified in advance if a board meeting will be missed.

#### Section 5. Authority and Responsibilities

The board shall have control of and be responsible for the management of the affairs and property of the corporation; shall have power to fill vacancies on the board or in offices for the unexpired portion of any term; shall appoint and have the power to remove all officers and employees and prescribe their duties, not inconsistent with the provision of these Bylaws, and everything deemed necessary or expedient for the promotion and protection of its welfare.

Directors shall work with each other as a congenial and committed group. Any director who blatantly and willfully violates the confidence of other board members or who engages in illegal or unethical activities, who acknowledges having or is determined by the Executive Committee to have a conflict of interest with the business or mission of the corporation, or any director who is disruptive, passive, absent or unacceptable may be removed or asked to resign as a result of an action by the board pursuant to Section 6 below.

All directors shall be provided the original Articles of Incorporation, Bylaws and other appropriate materials and literature upon request.

#### Section 6. Removal of Directors

A majority of the Board of Directors may remove one (1) or more directors with or without cause, at any special meeting called which states such purpose; no

director shall be removed at any special meeting unless the written notice of such meeting shall state that a purpose of the meeting is to vote on the removal of one or more directors, who must be named in the notice, and then only the named director(s) may be removed at such meeting.

## ARTICLE V- Meetings of the Board of Directors

### Section 1. Meetings

At least six (6) regular meetings of the board of directors shall be held during the fiscal year. Special meetings of the board may be called by the president when deemed necessary or on request of one-third (1/3) of the directors. Notice of a special meeting shall include the purpose for which it is called and no other business may be transacted.

### Section 2. Quorum

A simple majority of the board members shall constitute a quorum for the transaction of the business announced in the agenda distributed prior to the meeting. A minimum of 2/3 of the entire board must be present (in person or by teleconference) in order to amend the published agenda to include substantive items requiring board vote.

### Section 3. Majority as Board Action

Every act or declaration done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board of directors, unless these Bylaws or provisions of law require a greater percentage of different voting rules for approval of a matter of record. The ex officio Executive Director may vote when and only when a vote is equally split between directors.

### Section 4. Executive Committee

The Executive Committee is chaired by the Vice President and consists of the officers of the corporation. It meets prior to each board meeting to prepare the board meeting agenda, review the executive director's monthly reports, the monthly financial reports, and any other issues that the President brings to it.

## ARTICLE VI - Officers

### Section 1. Number and Titles

The officers of the corporation shall be a president, vice president, treasurer, and

secretary. These officers will constitute an Executive Committee, which may be called into session by the president as needed. Officer terms last one (1) year with a three (3) term limit. After an officer has served three (3) years in one capacity, the officer may be considered again after a one (1) year hiatus. All officers shall be elected from the membership of the board of directors.

Officer elected to serve a partial term, whether to fill a vacancy or for any other reason, shall be eligible to serve three (3) additional full terms if and only if they were elected more than halfway through the fiscal year. If they were elected within the first six (6) months of the fiscal year, then that partial year will constitute a full year, and the director will be allowed to serve an additional two (2) terms before the required hiatus.

## Section 2. President

The president shall be the principal executive officer of the corporation. He/she shall preside at all meetings as Chairman of the Board of Directors. He/she shall present at each annual meeting of the corporation an annual report of the work of the corporation. He/she shall appoint committees, temporary or permanent, with a majority vote of the Board. Except in those instances in which the authority to execute is expressly prescribed by the board of directors or these bylaws, he/she may execute for the corporation any contracts, deeds, mortgages, bonds, or other instruments that the board of directors has authorized to be executed, and he/she may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument.

## Section 3. Vice President

The vice president shall, in the absence or inability of the president to exercise his/her office, become acting president of the corporation with all the rights, privileges, and powers as if he/she had been the duly elected president. The vice president chairs any meetings of the Executive Committee.

## Section 4. Secretary

The secretary or designate shall give due notice of the time and place of all meetings, preserve the record of the proceedings of the corporation, the board of directors, and the executive committee, and perform such other duties as usually are expected of such an officer. The secretary or designate shall have custody of the corporate seal, articles of incorporation and Bylaws, records and general archives of the society, except as they may be expressly placed in the charge of others by order of the board. He/she shall file any certificate required by any statute, federal or state, and can assign this task to another officer.

Section 5. Treasurer

The treasurer or designate shall be responsible for the financial records of the corporation and for depositing in its name, in one or more federally insured financial institutions or incorporated trust companies designated as depositories by the board of directors, all monies received, and generally shall perform such duties as appertain to the same office in similar corporations.

The treasurer shall have the authority to sign such papers as may be required in the sale of securities or other assets belonging to the Society or in connection with the settlement of estates or trusts in which the Society has an interest.

Funds shall be withdrawn from any depository upon check signed by such persons as the board of directors may designate. A financial statement shall be prepared periodically at least once a year, as well as reports required by federal and state governments and ensure that the books are ready for annual audit at the end of each fiscal year.

The treasurer or designate shall be responsible for submitting written financial reports to the board of directors at regular intervals and shall deliver an annual report to the annual meeting of members.

ARTICLE VII - Amendment of the Bylaws

- Section 1. These Bylaws may be repealed, altered or amended by the board of directors, providing any change proposed shall first have been submitted in writing to the secretary, who shall distribute them to the board in advance of a regularly scheduled board meeting for review and discussion at that meeting, and approved by 2/3 of the directors then in office at a subsequent meeting of the board.

ARTICLE VIII - Indemnification

Section 1. Non-Liability of Directors

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

Section 2. Indemnification by the corporation of Directors and Officers

The directors and officers of the corporation shall be indemnified by the corporation to the fullest extent permissible under the laws of this state.

## ARTICLE IX - IRS 501 (c) (3) - Tax Exemption Provisions

### Section 1. Limitations on Activities

No substantial part of the activities of this corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation [except as otherwise provided by Section 501(h) of the Internal Revenue Code], and this corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these Bylaws, this corporation shall not carry on any activities not permitted (a) by a corporation exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

### Section 2. Prohibition Against Private Inurement

No part of the net earnings of this corporation shall inure to the benefit of, or be distributable to, its members, directors or trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this corporation.

### Section 3. Distribution of Assets

Upon the dissolution of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be divided equally between The Humane League [1601 Walnut Street Suite 502 Philadelphia, PA 19102. The Humane League is a 501(c)(3) nonprofit organization], Animal Equality [8581 Santa Monica Blvd. #350, Los Angeles, CA 90069. Animal Equality is a 501(c)(3) nonprofit organization], and Mercy For Animals [8033 Sunset Blvd. Suite 864, Los Angeles, CA 90046. Mercy For Animals is a 501(c)(3) nonprofit organization].

### Section 4. Private Foundation Requirements and Restrictions

In any taxable year in which this corporation is a private foundation as described in Section 509(a) of the Internal Revenue Code, the corporation 1) shall distribute its income for said period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; 4) shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue Code;

and, 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

#### ARTICLE X - Non-Discrimination Policy

- Section 1. The board of directors shall not discriminate against any individual or agency because of race, color, sex, religion, age, national origin, veteran status or disability pursuant to the provisions of the Americans with Disabilities Act.

#### ARTICLE XI – Whistleblower Protection

- Section 1. This corporation requires its members to observe high standards of ethical behavior in the conduct of their duties and responsibilities. As members of the corporation, all such persons must practice honesty and integrity in fulfilling their responsibilities, and they must comply with all applicable laws and regulations. It is the responsibility of all members to perform ethically and to comply with all the bylaws of the corporation. Members of the corporation are expected to report material violations or suspected violations in accordance with this whistleblower policy. The corporation prohibits harassment, retaliation and adverse consequences against a member of the corporation who has reported a violation in good faith to either external law enforcement or internal authorities.

#### ARTICLE XIII - Gifts

- Section 1. Form
- All amounts and properties given, devised or bequeathed and the income therefrom shall be funds, assets and income of the corporation, as such terms are used herein or in the Certificate of Incorporation, whether given, devised or bequeathed directly to the corporation or to a bank, trust company or other proper custodian for the corporation.
- Section 2. Refusal of Gifts
- The corporation shall refuse or renounce all grants, gifts, devises, bequests and legacies, the acceptance of which would cause it to be treated as other than a charitable corporation duly qualified under Section 501(c)(3) of the Internal Revenue Code of 1986 or any similar section in any subsequent federal tax law.
- Section 3. Reservation of Powers by Corporation
- All grants, gifts, devises, bequests and legacies to the corporation are made and

accepted subject to all the terms, restrictions, requirements and powers contained in these By-Laws and the Certificate of Incorporation, as such documents may be amended, whether before or after the making of such grants or the like, and the donor or testator, by making such grant or the like and in consideration of the acceptance thereof by the corporation, accepts and agrees to such terms, restrictions, requirements and powers.

## ARTICLE XIV – Conflicts of Interest

### Section 1. Definition

A conflict of interest arises whenever an individual is in a position to approve or influence corporation policies or actions which involve or could potentially benefit or harm financially:

- (a) the individual;
- (b) any member of the individual's immediate family (spouse, parents, children, brothers or sisters, and spouses of these individuals); or
- (c) any corporation in which the individual or an immediate family member is a Director, officer, member, or partner.

### Section 2. Disclosure of Conflicts of Interest

A director or officer shall disclose to the president, secretary, or Board a conflict of interest:

- (a) prior to voting on or otherwise discharging any duties with respect to any matter involving the conflict;
- (b) prior to the corporation entering into any contract or transaction involving the conflict;
- (c) as soon as possible after the director or officer learns of the conflict; and
- (d) on any conflict of interest disclosure form required by the corporation. The Board of Directors, by a two-thirds vote of all disinterested directors then in office, may remove a director or officer for failure to promptly disclose a known conflict of interest.

### Section 3. Actions Involving Potential Conflicts of Interest

Following receipt of information concerning a contract or transaction involving a potential conflict of interest, the Board shall consider the material facts concerning the proposed contract or transaction including the process by which the decision was made to recommend entering into the arrangement on the terms proposed. The Board shall approve only those contracts or transactions in which the terms are fair and reasonable to the corporation and the arrangements are consistent with the best interests of the corporation. Fairness includes, but is not limited to, the concepts that the corporation should pay no more than fair market



value for any goods or services which the corporation receives and that the corporation should receive fair market value consideration for any goods or services that it furnishes others. The Board shall set forth the basis for its decision with respect to approval of contracts or transactions involving conflicts of interest in the minutes of the meeting at which the decision is made, including the basis for determining that the consideration to be paid is fair to the corporation. The interested director or officer should not be present for the discussion and decision concerning the authorization of such contract or transaction; however, interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or Committee which authorizes such contract or transaction.

Section 4. Compensation of Directors and Officers.

No director or officer of the corporation shall receive, directly or indirectly, any compensation or other payment from the corporation, unless authorized by the concurring vote of two-thirds (2/3) of all the directors then in office and in no event shall any compensation or payment be paid or made, except reasonable compensation for services actually rendered or reimbursement for disbursements actually incurred.

ARTICLE XV – Employment/Affiliation Policy: Potential conflicts of interest

Section 1. Definition

An employment/affiliation conflict of interest may arise when an ACE staff or board member has a strong tie to an organization eligible for ACE's recommendation. These could involve formal or informal positions, paid or unpaid, and are allowable in some circumstances but not others.

No board member shall have a paid position with an organization that progresses to the stage of comprehensive review. Board members may have a formal volunteer position with an organization that is evaluated by ACE.

No staff member shall have a paid position with an organization that is evaluated by ACE. Staff members may not have a formal position with an organization that is evaluated by ACE, even if it is volunteer.

Section 2. Disclosure of employment/affiliation conflict of interest

ACE features a section on its website identifying the relationships of staff and board to recommended organizations.

Section 3. Potential exceptions

Board members may have a formal position on another organization's board, so long as it is in a volunteer capacity; in this situation, board members would recuse themselves from any discussion regarding the charity in question. Board members may also volunteer in other ways, again with the same recusal applying to relevant discussions.

Staff members may volunteer for an organization eligible for an ACE recommendation, so long as it is not a formal position and is entirely unpaid.

Both staff and board members may apply for grants from the ACE Advocacy Research Fund. However, these applications must be submitted in compliance with the conflict of interest policy created by the Advocacy Research Fund. This may include the Program Officer recusing him/herself from evaluating the proposal, and instead passing that responsibility onto an appropriate member of the oversight committee.

Both staff and board members may accept travel and lodging compensation when speaking at events, including those organized by considered or recommended charities. However, neither staff nor board may accept honoraria from a considered or recommended organization.

Advisory board members are not subject to the confines of this policy given their infrequent involvement and lack of decision-making authority.

#### Section 4. Actions involving employment/affiliation conflict of interest

Should ACE realize an external relationship from a board or staff member that does not adhere to these by-laws, said individual will be directed to resolve their relationship to be in compliance with this policy. If such a relationship is unable to be resolved, ACE will take action to remedy the situation, which may include restructuring or termination as appropriate.

Any discovered violations of this conflict of interest will result in the pertinent organization being unable to be considered for a minimum of one year after the conflict of interest has been resolved.

### ARTICLE XVI – Donation Policy: Potential conflicts of interest

#### Section 1. Definition

A donation conflict of interest arises when an individual strongly tied to an organization eligible for ACE's recommendation offers a contribution to ACE. A donation conflict of interest could also occur if ACE applied for and was awarded a grant from an organization that could plausibly be recommended. In both these

circumstances, the acceptance of such a donation could be perceived as influencing the evaluation process.

The term “strongly tied” refers to key decision-making individuals within an organization, and consists most often of, but is not limited to, the Executive Director and President/Chair of the board.

Donations from employees or other board members of an organization will be allowed on a case-by-case basis, depending on the perceived influence that said individual has over the organization.

ACE will accept grants/donations from organizations that are outside our plausible scope for recommendations, as this is not a conflict of interest.

## Section 2. Disclosure of donation conflict of interest

ACE features a section on the donations section of its website identifying the donation conflict of interest policy.

## Section 3. Potential exceptions

It is possible that a donor may become “strongly tied” to an organization. In that situation, future donations will not be accepted, but ACE will not be required to return past contributions.

As ACE obtains donations from a larger pool of donors, it may turn out to be unfeasible to be aware of donors affiliations. If ACE was not aware of an affiliation that creates a conflict of interest at the time of receiving the donation, ACE may choose to keep the donation even if it becomes aware of such an affiliation at a later time.

If ACE corresponds with an organization that is interested in supporting ACE’s work but has no interest in being recommended, ACE may accept that support if the organization surrenders its potential for consideration.

## Section 4. Actions involving conflict of interest donations

Should ACE receive a donation from an individual “strongly tied” to an organization eligible for a recommendation, the donation will be returned, and said individual will be directed to the section of the site that addresses this issue. Similarly, ACE will not apply for grants from organizations that could be considered for future recommendations.

