

## **Presentation to the Governance Committee**

**February 1, 2023**

**Presented by Kendis Muscheid from Ballard Spahr**

### **Presentation on Updated By-Laws for The Haven and The Butterfly Foundation**

Kendis: So, I thought what I would do is start with the Haven Butterfly Foundation. I believe you all have those documents correct. The draft amended and restated articles of incorporation and amended and restated bylaws. And I know you all probably wanted to go line by line through those documents, but what I thought we'd do is just hit the highlights and then if you had some questions, we could go back over those, but I was going to hit the highlights and then because when I had some conversations with Aimee, Aimee and Cynthia was going to combine their names, but about going through the drafts when I was going through and revising The Haven's documents. I had a lot of questions. And when we talk more questions came up and so I thought it would be better for us to talk through some issues and we may not even resolve them today. But I was raising some things. And it was like huh, I don't know how we want to handle that or well I think that's a good decision.

So it became clear to me that rather than me just sending you some draft out there, that maybe starting the dialogue would be more helpful. And then you are entering some things and getting those to me so that I'm not spending time and using your money rafting things that you get and say, what was this woman thinking? So that's why I suggested we do it this way. And then you will have a chance to kind of say no, we don't like that or we've never thought about that. And then let me know which direction you want me to go in. So that's why I suggested we do it this way. So we'll see if I can Okay, so you with The Haven Butterfly Foundation. Just a quick reminder of where we were with the original documents. The articles of incorporation, currently in place, provides for a very broad mission that allowed the foundation to make grants to support women and families provide education and advocacy benefit mankind in the US and abroad, make contributions to qualifying tax exempt organizations, and just the right to provide support to The Haven. So they had a very broad set of parameters. And there was The Haven was not in control of that foundation. And there was no limitation requiring that funds raise be expended to support the Haven. I think people in their minds thought that's what was going to happen but the documents didn't say that. So that is where we said that's where we sit right now because the articles of incorporation that are on file, still say all of that.

So the board met and in October, and we went through some of the options of where do you want to be? Here's some options. There's a variety of ways to handle things and then the word I got back was the butterfly foundation. From The havens perspective. The Butterfly Foundation is supposed to clearly support only The Haven and its mission. We want to remove the current language in the Butterfly Foundations articles that allow support of other organizations and other countries and this broad mission. We want to add some control to the provisions of the foundation by the Haven and we want to add protection provisions for the Haven so that the foundation can't walk away with assets whether those are assets that the Haven puts over there, or assets that are raised using the hit and for the benefit. And so that was the direction that I got back. So there's a lot of words on this slide but they're important for you to see and I have cut a lot of the words out. So the ones that are left are the ones I think that are critical for you to see that in the draft documents that you have the mission statement what the IRS is gonna see and some of them are IRS critical and some of them are Haven and other

people critical that the butterfly foundation if these documents get passed by the board and filed will basically say within the meaning of 501 C three and 170 V one a the corporation Butterfly Foundation, its purposes are going to be to make grants in support of The Haven so long as The Haven is a qualified organization. We'll talk about that. And the more specific purposes of that, that foundation are going to be supporting The Havens mission meet the needs of women in addiction recovery, including helping transform lives through its support of the havens mission and programs, offering hope to women as they move into a life free of alcohol and drug abuse, including educating and inspiring the community in which The Haven and the foundation offering and then there's a few other things in there that basically give the foundation the ability to do pretty much with any nonprofit Arizona corporation that's exempt from tax.

So this document and I've had the question in other settings where people say, Well, why are you amending and restating instead of just doing little amendments here and there. I'm a fan of amending and restating so that you have a document that sets forth all of the provisions that you need going forward. And that's what we've done for you. So, a couple of questions. I had for you that came out of one of the meetings that we had was in the mission statement. You as I understand it, currently represent not only women quote unquote, but you represent at least adolescents. And you know, long ago past you also had treatments and a permit. So in the mission statement for the foundation, the drafts that we have, and this will would also potentially apply to the havens documents. Do you want to change women to people in order to recognize just a broader class and again, this will go backwards. It would, it would still be The Havens mission. It would just replace women in a couple of these spots with people so that's one of the first questions and you're free to talk amongst yourselves decide later. I just throw it out there because it's come up.

Vanessa: I didn't think we served adolescents that question we don't.

Aimee: We did not.

Barbara: I don't think we want to change it just because anybody.

Colette: We don't treat adolescents.

Jeannie: No, no, we don't they're too tough to treat.

Barbara: We want to leave it women.

Kendis: Yeah. I just wanted to check because I came up with men and other stuff.

Jeanie: So we're been there. We've done that we didn't like it.

Rebecca: So my question is just people are women, which one addresses transgender, that you know all the community stuff that's going on with different and so?

Kendis: That was the other issue was and I I'm sorry, I forgot to put that on here because the list is long now. Transgender cisgender I mean, all that all the other.

Jeanie: I know another organization that solved this that deals with men and masculine identifying individuals. Or so we don't know if we want to be that go that direction. But this is the language that's used as is women and female identifying individuals. I'm just gonna put it out there. That's the language of the hearing. I don't know if we want to do that.

Barbara: I would think that's what we want to do is.

Rebecca: I want to be inclusive.

Jeanie: For women and female identifying individuals.

Rebecca: I like that.

Aimee: I like people who identify as gender fluid, we did just serve an individual who identified as gender fluid.

Barbara: I don't know.

Jeanie: How do we put that in a concise statement?

Barbara: What does that mean though that what is gender fluid mean?

Rebecca: I mean, they can identify as male or female at any given time they change back and forth.

Barbara: Okay, but do we want or neither? Or neither? Do we want to be that inclusive? I mean, maybe that's not politically correct, but I don't know do we?

Jeanie: Well, the times are, you know, it's hard to put that all it becomes quite a mouthful when you want to put all of that into a mission statement.

Barbara: My concern is what if that person is decided that that day that they're going to be a male?

Jacque: You know, in terms of being up the term that we use it rather, if we decide to include female and identifying as female or whatever, perhaps we should just have a definition section. So that we don't have to every time we will use the word women. You know, us female, identifying as female or whatever we choose to do, but it seems like it's a question maybe for the board at large. What we want to do.

Barbara: I think we're probably that's the I think the point about a definition sections and good one we get you take those words and say that.

Jeanie: It should definitely be high up on our website where people are looking for who we serve. When we say who we serve. On our website, which should be the number one bullet point of who we serve, we would say we serve women. We serve individuals who identify as female and non binary or in whatever other descriptors we need to put in there that include women that women you know, female compatibility in our program, because we don't exclude people who are non binary. But we do exclude people that walk in with male attributes, I would imagine I don't know. Do we?

Jacque: I agree with you totally in terms of what you'd be on the website.

Fran: I'm thinking that that, you know, people who identify as female could be physical. I mean, they're physically they could be physically male. Right. And so, you know, that I think, we probably need to think about very seriously. I mean, I think that that we do need to take people who identify as female, right? So I liked that idea, but people who may identify as male, I think could cause some controversy within the broker. You know, if they're, if they one day decide to be male when they decide to be female.

Jeanie: That's not typically how individuals operate.

Fran: They do sometimes.

Barbara: At Sister Jose's, we had that issue. We had somebody who was non binary come in one day, definitely appearing male and acting male and there was issues with the other people not being comfortable.

Rebecca: What if we say identify as female? What was said I think that covers it, doesn't it?

Jeanie: Well, maybe not cover it forever. This is a permanent document.

Kendis: You could put hope to females as they move into a life and then we could drop a footnote or if you're going to have a definition section. You'd really what you're not seeing here is there's a section at the definition, you know, for purposes of these articles or whatever.

Jeanie: I think Kendis it to your point. Maybe our mission statement should say offering hope to individuals as they you know, or women in their women and families or a gender neutral word instead of women. But then everything else about The Haven is pointed towards the more expansive definition. So because we you know, The Haven's mission is to heal families, through women through serving women. So I don't think it's out of line with our mission statement to say that we offer hope to individuals I don't know I mean, it seems like the language is a real minefield.

Barbara: Yes.

Jeanie: Colette do you have anything to offer us from your perspective and experience?

Jeanie: I'm looking for examples of gender inclusivity.

Kendis: I know our labor and employment group has a lot of dealings in this area and a lot of gender inclusive language and things like that. So I can certainly, you know, grab some language from them. And if you if you want to stick with a more feminine gender word, instead of individuals, I can do that. Or if you want to say individuals, and then have a sentence that says something along the lines of, you know, again, elsewhere in this paragraph, probably at the bottom, you know, the Haven generally works with, you know, or focuses on, blah, blah, blah, blah, blah.

Jeanie: Human female, identifying individual.

Kendis: Yeah whatever the verbiage is, they give me and, I mean, obviously, you'll see all that, but I can do that send you another version.

Rebecca: I mean, to Jeanie's point, whatever we put out is going to be what we're held to legally.

Kendis: And I think this provision you know, generally we make the articles a little broader because that gives you more room. So this because this is remember The Butterfly Foundation, saying they're supporting The Haven's mission. So this is going to be should be a pretty similar statement to what's going into your amended and restated articles. So you'll want to be thinking about that as well. From The Havens perspective.

Jeanie: I wonder if we can say that we support The Havens mission and programs offering help to our constituents as they move through a life you know, blah, blah, blah and not even put a gender identifier in that statement.

Colette: Hey, Jeanie, sorry, I went to hit my mute and somehow I disconnected.

Jeanie: We got a comment.

Colette: I've been actually trying to not be the first one to comment. I was curious for other people. I think it's difficult times I don't even understand all of the, you know, people the fluidness of gender. And I don't think anybody can, but I liked what you had foot and I think, I think the staff have to be just trained to, you know, how do you know, how do people identify? And I don't know if there's any, you know, advice from attorney to keep us safe as far as I know that we're open. We want to be inclusive. I do like women and women identified. But it's a tough it's a tough world how especially with our residential and I don't know how you satisfy everybody. But that's what I was going to come out with.

Jeanie: We serve you know, a lot of different cultural backgrounds and people with special health issues. And so we always make accommodation for the individual person that's coming in and their ad so I don't think it's any different when we have a person with gender identifiers to allow them their space to heal. So if we can put that in the statement without singling out any particular person, I think that's better. So I think the more general we can refer to our clients, whether you know, there are when whatever we, whatever our best descriptor is for them, whether they're our clients or members are.

Colette: I agree, and I think less is better because then it gets too confusing but I like women and nothing identifying.

Jeanie: Well, somebody brought I think it was me brought up the agenda, not to nonbinary. So I think we can reach you can give us some feedback on the appropriate way to remove the gender identifier from that statement and still refer back to the havens mission where we can be more explicit or descriptors.

Fran: So I think from the very beginning, I've liked the word women in there. I just think that in general, that's who we treat, and I've wanted to say that in this mission, that that's who we treat, but I think that you know, of course, if we had a transgender, female come in and that's why I think maybe just saying and those who identify as female that we certainly would make a place for them. And that wouldn't be an issue. But I do like the word women in there. They just think it's very descriptive for exactly who we are and what we do.

Barbara: I agree with that.

Fran: And those who identify as female.

Barbara: Right.

Jacque: Just think it's important to make sure that people who go to the website know that we serve it that we serve people who identify as women who might not I mean, I don't want to put stuff in so that you know.

Kendis: Oh, is there a consensus that you want to leave the word women and then come up with something else? At least in The Havens, because we're going to talk about that in The Havens mission statement. That's going to go in its articles amended articles.

Jacque: I don't agree with that.

Barbara: I'm not sure what we're agreeing and disagreeing with so do you want to. Jacquie, can you clarify.

Jacquie: Oh, my understanding is whether we want to, in our mission statement say just use the word women or expanded a bit to make sure in my at least in my view, point that it's not defined as women in the narrowest sense of the term.

Kendis: Now my question was, do because there's been a couple of different opinion views expressed at least that I've heard you want women and that some kind of additional definition, but you do want the word women that's what I heard.

Barbara: Yeah, I definitely want that.

Kendis: Okay.

Barbara: Is there anyone thinks that women plus some language what people identify as women is there and opposed to that all right thinks that women plus some language what people identify as women is there and opposed to that all right.

Kendis: Okay, so that's what I think.

Jeanie: So long as we say women and individuals who identify as female, we'll cover it if we're not going to take out the whole gender identifier completely. At least we can be a bit more inclusive in that statement where we say offering hope to women.

Barbara: So and that part of it, you want to add something to is that what you're saying? In both parts?

Jeanie: I mean, I'm old so it's hard for me, but yeah.

Barbara: You're not. You're young. But yes, I agree. Okay. Is that That's fine. Everyone. I mean, I don't know.

Jeanie: I mean, I'm just seeing it more and more in gender specific programs where it is the language is not limited to men or women. It's either, you know, women and individuals who identify as female. I mean, it is a mouthful. That's the part I stumbled over but...

Barbara: I feel like the whole everyone that speaking is agreeing appropriate.

Jeanie: I don't know. We do want to have the word women's still remain in there then. Yeah.

Barbara: Well, I don't know. I mean, we can talk about that, but I would feel uncomfortable if we didn't keep the word women.

Jacquie: I agree.

Rebecca: So can we read it again.

Kendis: Yes, the language now, in that statement would be the corporation will have the more specific purpose of supporting The Haven's mission to meet the needs of women and those identifying as female in addiction recovery, including helping transform the lives through support The Havens, mission and programs are offering hope to women and those identifying as female as they move into a life free of

alcohol and drug abuse, including educating and inspiring the community in which The Haven and the foundation operate.

Fran: Okay. Yeah, I think it's I think it's good enough. We're never gonna, you know, ever changing of gender. I think that's where we're at and we know what we're doing.

Barbara: And it is a mouthful, but everything these days is a mouthful.

Colette: Well, the thing is, I don't think that, you know, again, staff, you know, who understands, I don't, and I'm in the community, and I have friends with this and I don't I have to ask questions almost weekly to find out what gender you know. fluidness is so it's, it's, it's complicated.

Kendis: And so the other question that came up is if you want to remove the word abuse, because as I understand it in the community, that term may also be changing.

Jeanie: Yeah, at least it has to be misuse.

Kendis: Yeah. So that would now say, offering hope to women and those identifying as female as they move into a life free of alcohol and drug misuse.

Jeanie: At a minimum, yeah.

Rebecca: So I'm going to make a suggestion. The DSM five is substance use disorder, and alcohol and other drugs has been the standard the industry for a long time, in terms of language, rather than alcohol and drugs, because alcohol is included under drugs. And that got changed a long time ago.

Barbara: So what should it say then Rebecca?

Rebecca: Alcohol and other drugs, and I hate this substance abuse disorder. I don't like that language. But that's the language now of the DSM five. It's just messy to me. I don't even like to use it in my own work, but that's what's being used. So to say alcohol and other drugs, for sure.

Jeanie: I should say as they move into a life free of the misuse.

Rebecca: Of alcohol and drugs something Yeah, well, no.

Jeanie: You put them free of the misuse of alcohol and other drugs, period.

Rebecca: There we go. I like that.

Barbara: That's great. It's good. Okay, that okay with everyone? Yes. Please do me a favor. And if we talk about you're not in favor, let me know.

Rebecca: Yeah, cuz you can abuse a drug or alcohol not have a problem. You can, you know, that's just the truth of it.

Barbara: That's good. I got it. It's good.

Kendis: Okay, anything else in the mission statement that anybody sees that they'd like changed? If not, we'll move on from here. Okay, so now, the in the articles the changes that have been made, there's multiple, the mission statement and I'll go through and revise it as we've just discussed. Now. I have made the Haven, the sole member of the foundation, there was no member before if the Haven ceases

to be what's defined as a qualified organization, for any reason. There a new member can renamed or the foundation board can just go to operating without a member. There are certain rights and obligations of the member that are defined in the bylaws. We'll talk briefly about those. And articles require a minimum of three directors in Arizona. We don't require that we only require that you have one director, but we've required here that you have to have three directors. And then upon dissolution of the foundation, the assets go to the member they don't just go out to whatever organizations the foundation board decides. So one of the other important things built into the articles of incorporation is that there is a provision that now requires that there are certain actions of the foundation that must be reapproved by the member which is the Haven and those are liquidation or dissolution of the foundation, merger, consolidation or transfer of substantially all of the assets and the repeal modification amendment in whole or in part, or addition to the articles or bylaws for adoption of new articles or bylaws.

And notice of the meeting in which any of those are to be considered has to be given to the member and it has to set forth what of those is happening. So the reason we do this and the reason we put it in the articles of incorporation is the whole world is on notice If these if they are in the articles of incorporation. That's what the law presumes. So if, you know, ABC charity goes to merge with the foundation, and they're say, Well, we know that any of that we didn't know you hadn't approved. It's like, well, you know what you're on notice that the Haven had to approve it. And if you didn't ask that question, so sad for you, because you didn't check and that should have been part of your due diligence. So we can legally unwind any of that and we can claw that money. We can do all kinds of things because this is in the articles which are public information.

And the foundation on the other hand, can't do any of these things and then feign ignorance because it's out there again in the public and they also the foundation can't either write us out of the articles or change our control provisions or the dissolution provisions or any of those other things without our consent. So it's a reason that this is in the articles and the same provision is in the bylaws as well. So this can't be changed without our written approval. Okay, so that's a big control provision.

So skipping ahead to the bylaws is we're almost at one o'clock. The not only is the purpose there that the one that we've now tinkered with, but there is a specific mission, that again, is in the bylaws, and this is purely it's not required because we obviously have it in the articles and sitting out there, but it's also in the bylaws. It's sad to say that most people after they're filed, never read the articles again, and rarely read their bylaws again, so you can have it in there. If you want. You don't have to have it. It's up to you all. So just an overview very quickly of the protection provisions. The member who at this point is the Haven has the right to appoint all of the directors to the Foundation's board. Candidates for Director are required to agree to uphold and further the mission and purposes of the foundation. No more than 25% of the board can simultaneously be serving on the Haven's board or serving as an officer or employee behavior. Remember we talked about that at the meeting minutes? That's a liability protection issue because if you have complete overlap or a substantial percentage of overlap, a creditor of the havens might try to say, well, you're really just one entity, you know, hold separate meetings, and we're just going to reach through and grab the money that's at the foundation. So it's more of a protection mechanism. I actually talked to a client yesterday. There's a complete overlap in their boards. They during the discussion we were talking about trying to separate things and they kept saying well, they only have nine board members now. But there was they could never separate the two. In reality. They have five board members and have four board members, but they always think of them together



or we really only have nine, they hold all their meetings together. They do everything together. And I said do you see the problem with this victory? You can't even tell me that you have four, five board members, you have nine board members because you do not think you have to corporations accreditors gonna do the same thing. So this is one of the reasons we do this. Separation like this. The member I'm sorry, did somebody have a question? Okay, the member meaning you all can remove any director you want to because you've appointed them and you do not have to have a cause you just say, Gosh, Barbara, I really think it's time for you to say but why I demand you know why and everybody else will say thank you so much for your service. It's been so nice and we're really appreciate it. And no matter how many people were recalled, we always say she is so nice and it was so appreciative of all the time. She's out we never ever, ever tell anyone why. And all you have to do is deliver a copy of the removal notice to the Secretary of the foundation and to the director. And any the other board members can also remove another director, my two thirds so if Barbara is super difficult at every board meeting and no one can get anything done, they can remove or from picking IDs. So that's fine. I'm willing to go that's I'm sorry, but they've said no.

So the Haven the next steps at this point after we make some other changes and we approve them. Somebody will provide your drafts to Haven butterfly foundation. It's a separate legal entity because it's already incorporated so they will have to review and approve the draft. Once the articles of incorporation are filed then when those get filed with the Corporation Commission, then those are in place. That's when all those provisions kick in that they can't make any changes to anything without your approval. And then at that point, the butterfly foundation needs to apply for tax exempt status. So there you have it. Any questions on anything on that front? Okay. So now I had a few slides on working together. You can share staff and facilities and this is incredibly common. It reduces your costs because the butterfly foundation is just getting started. They probably don't need full time, bookkeeping and development. Staff and all this other stuff. They probably don't need their own office space. If you have spare office or two you can set people up. And the other thing is it you know if you're going to set up some kind of single reporting structure that ensures alignment between the two because after all, they exist now to support you.

It does place more burden on the havens existing staff. You know if they're gonna if the foundation is going to be out doing fundraising campaigns and everything, your accounting and development staff Maybe so, but if you do this, you're already providing benefits. And you have a payroll company you have all that already on your side of the table at the haven if the foundation has to go out and duplicate benefits and all those things, it's very expensive to do that. And so you want to think about that. Just having everybody on one payroll and aligned on the staff side. Development Committee and your development staff, they coordinate efforts because they're all on one payroll. They're all working towards one goal they coordinate targets. I can tell you, nothing looks worse to a potential donor than having the foundation attack over here. And the operating entity from here and they're getting six mailings and everybody's saying Oh, give us like it drives donors nuts. So it's really important that that whether you're working, you know under one umbrella or the two that they coordinate efforts, operations dollars usually what will go to one entity that you know behave and the annual campaign those kinds of things, and then endowment, restricted funds and estate gifts go to the foundation, anything that passes through the Haven and then goes over to the foundation. Potentially a creditor could say, Well, you're the donor, right? It came to you. So that's your money out there, and you're just hiding behind assets. So you just want to be careful about things like that. That's why coordinated effort

to really good. Coordinate coordinating your board members. You know, it's you could also, if you have board members that are really interested in the fundraising side and the investment side, that's a nice place for them over on the foundation board or people that have kind of hesitated to get in on the operations now may be a great time to add them to the foundation site. You can also have a combined audit and finance committee. Increase the expertise, you know on your boards the DNO insurance that you carry should cover both entities because of the control we've now built in. So you want to jump definitely check with your insurance carriers to to get that in place and to coordinate there. It's again may save some money and then you we definitely we'll put a written agreement into place because they are separate legal entities and they're going to have different tax filings. They're going to have separate books and records, those kinds of things. So we put a written agreement and the place that says you're sharing stuff. And then if you're going to have committees that overlap, we want those in committee charters. For each entity that says you know the lab share some information, we put confidentiality agreements in place some understanding. So there's just some housekeeping that you do to allow organizations to share. Okay, any questions on any of that? So, moving right along. Well, I guess we're moving away along because those slides are not showing I'm sorry.

I had three slides of questions.

Aimee: I have a question. So it's one that's in contrast to what Casa de Los Ninos said they do what their foundation I have is that, if I am not mistaken, they do capital campaigns and endowments only. I don't believe it. Was just restricted. I mean, it was also restricted dollar. So I just want to throw that back out just so people can think about it because your suggestion is to have restricted dollars also go underneath the Haven butterfly. If I read that correctly.

Kendis: So it depends on sometimes the restricted dollars are for. So it may be for a very restricted program or it may be purely operations depends on the amount of money but a lot of times they're large enough amounts of funds that you want them in your investment pool and you want them over there and manage that way. So I have I'd say most of my organizations will put restricted money over at the foundation. And most of them have you know, payout requirements. So they're going to come over at regular intervals. They're not endowment funds, that's something different so that they come over at pretty regular intervals, but they want them in the bigger investment pools and they want them you know, managed by somebody other than the operating entity. So that's why they put them over there. So it might be I don't know the operations well enough, but maybe it's a capital account or something right, your capital replacement account, a reserve fund that's really large. So they want it held. It's still your money and it's still a large fund but you've put it over there for it to be invested that way and manage somewhere else. You can take it out whenever you want. But I could add to it say Oh, I can make a gift to the reserve or you know, whatever it is we need a fund.

Barbara: What would you say large what do you what do you?

Kendis: Largest depends on the organization? Right? So to some organizations, you know, four or 5 million is like oh my gosh, that's staggering. To some. They start out in a million dollars. It's just, you know, they're gonna put it that in a foundation and grow it incrementally. So I think it really depends on the organization.

Barbara: I understand that but that's okay. Can you give us a me an example of restricted funds that we have now restricted donor funds just an example.

Aimee: So it's Reyn's...

Barbara: Reyn's is what I was thinking. So it's like the Reyn's Fund, okay, yeah.

Aimee: And it's parked in its own line item right now. So that's one of the things that sent the reports out on monthly so that the board can see so that's an example.

Jeanie: But occasionally we'll raise money for a specific thing like we raise money for the for the garden for Kathy Norris, you know, and whoever contributes to that it's going to be the the funds are restricted to that purpose. We think we expended all those I think the only thing we have now that's restricted his friends fund, I believe, but sometimes we get grants that are restricted as well.

Kendis: Okay, you can create your own restricted fund. Right. I mean, you could you could create a scholarship fund, you could create, I mean, there's all kinds of things that you guys could do, depending on how fundraising Streetsville and a scholarship fund summer endowed right but some aren't.

Aimee: So Jeanie if, if we're looking ahead and thought about grants as being restricted, though, in fact, they are so the new dawn warrior SAMSA grant that we got is that one that you would categorize as a restricted grant. It's purely programmatic.

Jeanie: I mean, I I'm not sure if it if it has to be category. I mean, that would be something that that we would, it's a balance sheet. Separation. Do we need to put the program restrictions in there? It's not been my experience. We've never done it that way. I think it's just the donor funds that are restricted that we've that we've ever I mean, that's, that's a question to double check.

Kendis: Only donors can restrict or grant grantors can restrict grants. You can't restrict the money yourself. When you donate it to the foundation can interestingly enough.

Rebecca: But you and you're saying why is it is restricted to programs. Is that what you're saying?

Aimee: I just had the question as in reaction to Jeannie saying some grants are restricted and so I was thinking, Well, you know, technically the SAMSA grant is restricted. We can only use those funds for what we proposed. Saying that though it's not. It is it's pure service delivery. It's a pure service grant. So I'm trying in my own mind to say well, would that go to the butterfly foundation to run his operations or would that stay in the haven to run his operations? It was more of a clarification on my part.

Barbara: To me intuitively, that would seem to staff to stay with but I can't explain why I think that.

Rebecca: SAMSA makes grants to programs and other things from my experience, and I don't think that I don't know that they may come to foundations. I could be wrong.

Kendis: I don't want to stop your discussion. I just wanted to I don't know why these weren't showing.

Are you guys ready? Sorry. Okay, so I just had these are forThe Haven bylaws some questions that that came up. So in the foundation bylaws. It says no proxy voting is allowed. So I can tell you why I always put that. And then you all can decide. The board should have proxy voting in The Haven. So proxy voting is loud. But what normally happens with a proxy vote is you know, Genie will text Barbara and say, hey Barbara, I got called in to me and I'm really running late and I can't make the meeting you have my proxy. not valid. Because in Arizona for a director's proxy to be valid, it has to be in a sign writing on the proxy form. And that didn't just happen. So it's, it is rare that valid proxies ever given. So, um, that's the

first practical reason that I usually say no proxy voting. The other reason is, you can't tell Barbara how to vote. Right? So are we gets there she's hearing all the discussion. And Jeanne thought she was totally going to vote in favor of whatever the issue was, and allergy Barbara here's all the all the information sheets. No way am I doing that. So now you have two votes no. Right. And Jeannie still liable for whatever happens because she didn't give away her fiduciary duty. She just gave away her vote. So I am not a fan of proxy voting at all for both those reasons. And especially when you will have a small board I'm told you do not have attendance issues. And if you you know, if you allow people to dial in, that helps, but if you can't make a meeting, you can't make a meeting. And I That's why I strongly recommend no proxy voting because it's probably not a valid proxy anyway, when it's given. So I'll let you guys make the decision and I'll do whatever you'd like. But if we say proxy voting, there'll be a forum and there'll be all this other stuff and you probably won't really use it anyway.

Rebecca: Does it ever come up?

Barbara: One time, someone gave me their proxy vote.

Aimee: It was Tara.

Barbara: Yeah.

Rebecca: I remember that.

Jeanie: It's not an issue.

Barbara: I don't think it's I agree with Kendis. Yeah, I do too. I don't think we have enough people here that if they all agree, we're fine. So I think we all is there anybody who wants to argue for proxy voting?

Kendis: So we've had some discussion and, and your current documents. Talk about a governance committee and then the development committee and we've talked a bit about maybe turning the Governance Committee into an executive committee and doing giving different powers to the Governance Committee and then having a development committee, an audit Finance Committee, and when you have a small Well, let's back up for a minute. The traditional executive committee is usually the officers of the organization and maybe an ad hoc member if the executive directors CEO is on the board as an ex officio member, then they usually sit on that committee. And the usual purpose of an executive committee is to act when the board's not in session.

So some boards meet quarterly some once or twice a year. And so you need a body that meets more regularly or an emergency can handle something and that's usually the executive. So when you have a board, that's not meeting fairly frequently, things come up that need to be handled. And that would be what your traditional executive committee does. It's a subset of the board that has power to act when the board starts. When you have a fairly small board, that's pretty good at getting together and handling things especially when you're if your bylaws allow for virtual meetings, or actions by written consent when you don't have a meeting, then I'm not sure I'm in favor of an executive use an example you have 10 people on the board. If you can call a special meeting on 72 hours notice 48 hours notice and you get six people, right? That's majority 60% Then you've got what you need. And if you have four officers, you've got 40% of the board, right? They're going to be getting together and making decisions. So why not call a special meeting on short notice and get six people there. So that's why when you have a fairly small board, I'm a little reluctant to give a handful of people all that power in large part too because it

makes your other board members feel a little disenfranchised, right? They show up quarterly or monthly and there's all this stuff that's happened and they're like, why am I here? I don't participate. I don't know about the news. So I'll leave that to you all. It's your organization. But I just want to give you that to think about if your boards pretty responsive, then you may not need an executive committee.

Your bylaws, I believe require 10 days notice for a special meeting, but you can shorten that a special meeting is supposed to be special for a reason, right? You probably need to do something. So shorten the notice. Unless it's for something like amending your bylaws and then you require more notice, right so in certain situations we can require more notice but if it's for something else, we shorten the notice period. So that if you gotta get something done, you got to do it. So food for thought on that a governance committee would typically be for things like nominating new board members, vetting new board members. Do we need changes to a policy or a Committee Charter or the bylaws, the articles, things like that? I mean, they're doing more overall governance type of things. Board evaluation, that types so that's what so if you have an executive committee, we might change the scope of the quote Governance Committee to do more governance type things. So again, food for thought, a development committee development work, and that's the committee I was mentioning, you might want to talk to the Foundation Board and maybe that's an overlapping committee so that they are coordinating their efforts and working for both organizations reporting the chain and working with joint development staff if if you decide to work in tandem, and then audit finance, again, could be a joint committee so that they're coordinating the audit, the budgeting, you know, those types of things where you could get some outside community members to also help you. A lot of times the audit Finance Committee is only board members. But if you have limited expertise on your boards, you're going to want some outside expertise. So if you can get a community member or to join some board members, that would be helpful. And you know, you may have a hard time populating two committees like that. So those are sort of the standing committees if you will, that you might require the organization to have and I don't like putting huge long committee detail about each committee in the bylaws. I mentioned each committee, sort of what it's supposed to do, and then have charter documents that detail who's on the committee, what are they supposed to be doing? What's their job? Those types of things in a charter that the board so that's it and then you can always you always have the power to have an ad hoc committee. Oh, we need a new building we need we're going to have a fundraising gala. So the development committee needs some help. We'll have a subcommittee that's, you know, the gala benefit, you know, whatever it is, and that's always available to you and that'll be in the bylaws. So any discussion, comments?

Jeanie: I think our structure has been the Governance Committee format. The one thing we've never done is committee charters and I guess we could use some guidance on implementing that as we move forward.

Barbara: You know, I think we're probably going to start losing people quickly. So we probably just have a couple more minutes that we you know, to go over. One of the things I want to talk about is it is am I correct that there's really an issue about whether Amy is or any buddy who was our executive director with the issue about whether they're a CEO or an executive director. I mean, is that something we really should deal with?

Kendis: So I had those questions on here. That is executive directors a term right and so is CEO. Right? If Amy is running day to day, you know the lowercase Chief Executive Officer and that's what she's doing. So it's whether you want that title. So my suggestion is sort of look at what's common in your industry. I

have more and more nonprofits, especially in the health care industry. Using president and CEO or CEO, right. It's a it's a preference thing, because they are in a they're in an industry that is competing a lot more with for profits. So that's a hallmark that kind of look at that. In fact, the organization one of them I was talking to yesterday, there's as president and CEO, they are changing their titles and rebranding because of that very thing. The another question for you along those lines. is, should the whatever you call that person, President, CEO, or Executive Director, be an ex officio member of the board. If you just put ex officio who, you know by this office by virtue they're on the board. Are they that means they're voting unless you say non voting.

So the second question, should they be voting or non voting and I will tell you that that's probably a fairly even split of whether they're voting or non voting. And, of course, they never get to vote and or attend the meeting where it's their compensation or their evaluation or things like that. We have to give it so it's, are they in the room do they have the right to be in the room all the time and sit at that table, whether they vote or not, and it probably leans a little more heavily to they don't vote, but they're in the room and then they have to leave the room. For the discussions about about them. So like I said, I look at the industry, who you're competing with and what the title, what the titles doing, and what their job entails because the jobs are probably the same that they're doing. And that goes for all the quote officers, right. Chair, is it chair? Is the President the chair or is it the chair? President CEO is a staff job and then Vice Chair secretary treasurer, right so just look at that, and that was on the list. So that those were the questions I had that I wanted to talk to you all about.

Jeanie: I think we should devote some more time to that and also get some input from Amy. I don't know if it would help her in any way to be referred refer to as our CEO rather than our executive director. I don't know if that, you know, raises the profile of the position enough in the community to make it worthwhile making the change. You know, I don't think it matters too much internally. In terms of the voting, we've never had that person considered a voting member of the board I think in part because the things that the executive director would vote on are usually referred by you know, if we want her to have her vote, we usually ask for input and then the board would make a suggestion to the executive director on how to act and that's essentially her vote, but we've never offered a vote to the executive director. In any way, shape or form. So I think we need to discuss that more as a board and maybe can just you can guide the whole board on what the decision criteria would be on that. Voting versus non voting.

Kendis: And I would say that an ex officio non voting member is definitely not uncommon. Not I'm sorry, is not uncommon, open ex officio, non voting member because they're the staff is implementing board decisions, right. But the individual is at the table giving input and you know, they're there. They don't count towards a quorum. They you know, we've heard all those provisions in there. And, obviously, we kind of got bogged down on a couple of other things. But if there's any other questions or things you want me to consider or give input on just let me know.

Barbara: And I can do that. I'm curious about the Annual Meeting thing? Is that something required by the state or something like that?

Kendis: You're supposed to have an annual meeting. And all you need to do is designate one of your meetings as an annual meeting. You're already having a bunch of meetings. And that's usually the way we do it is designate your meeting. That's where you elect new board members. When terms are expiring. You elect your officers and you do all that at your annual meeting.

Barbara: So you're saying we can combine we could have it?

Kendis: Oh yeah, definitely.

Jeanie: Oh, we just had our annual meeting.

Barbara: I just think the Future that's all because it's real confusing with the minutes and everything. So doing it combined would be to make more sense that's all.

Kendis: And then you just you just let us know when it is you want it in the first quarter of the year right at your annual meeting, you know, and elect officers and you know, we didn't just January that works. So, yeah. So and then term limits.

Aimee: We have some seasoned board members here. What is the rationale for having our fiscal year be? October one through September 30. And the board term year starting? Well, calendar year. Ish, not even really calendar year. It's the end of January to the end of January, according to the bylaws now as I understand them.

Jeanie: I think the reason why it was set up that way initially, and it's been that way for all time is there was enough time after the end of the fiscal year. To get the results of operations get the audit completed and have that to review at the annual meeting. Because when our year end was June 30, our annual meeting was in September. And then when we switched to a September 30 year end to cook to coordinate with our funding. We shifted the annual meeting to January so that we could, you know, get the results of operations and have that all to report on at the annual meeting. That was the that was the reason why it was set up that way. I didn't set it up that way but that's that's was my understanding of why we did it that way.

Aimee: And that makes sense. It was wild enough trying to pull it all together for the January meeting. I can see where it would be almost heart attack inducing, trying to do it all at the same time.

Jeanie: With the budget you wouldn't be able to report on the fiscal year if you had the Annual Meeting coordinate with the end of the fiscal year.

Barbara: Does anyone have anything else they want to ask candidates because I think we need to go ahead and do finish the rest of our business and I want to thank you very much for coming and for all your work is suggestions, and we do have some things we're going to have to talk about, but I think at least gone a little, you know, made some progress today apps today. Anyone anything else to say?

Jeanie: Or just a follow up I guess Kendis, she'll you'll incorporate the changes that we hashed out the beginning and then we can take that to the Foundation Board for approval and then the next steps.

Kendis: I will and I will then wait to hear from you on a couple of these other things. I'll send the PowerPoint over to Aimee. So you can kind of see the other questions and then if you let me know on some of these things, then I'll turn drafts on the Haven documents and we can get those moving. So Okay. All right. Thank you all. Thank you. Bye

