

Dear Ms. Gadea, Ms. Barajas, and Ms. McCabe,

At the request of The Haven Board Chair, Barbara Sattler, I am sending this communication to you on behalf of The Haven Board of Directors (“The Haven Board”). You may recall that last summer The Haven Butterfly Foundation’s (the “Foundation”) Board of Directors (the “Foundation’s Board”) requested that The Haven Board engaged counsel to review the Foundation’s existing Articles of Incorporation and Bylaws to ensure the proposed legal relationship between our two organizations is beneficial to The Haven’s interests over time and is a structure that can withstand changes in personnel and volunteers.

The Haven Board believes there were three primary objectives that led to formation of the Foundation, which should be kept in mind: to establish clear operational parameters that encourage a collaborative working relationship between our organizations, to protect assets donated and intended to support The Haven’s mission, and to ensure aligned messaging consistently goes to the broader community.

The Haven Board requested that its tax-exempt counsel prepared proposed revised articles of incorporation and bylaws to put the two organizations into a different relationship from that which exists now – that of supported and supporting organization. Accordingly, The Haven Board believes the proposed revisions to the Foundation’s governing documents will achieve the objectives that led to formation of the Foundation. Enclosed please find attached for your consideration:

1. Amended and Restated Articles of Incorporation for The Haven Butterfly Foundation
2. Amended and Restated Bylaws for The Haven Butterfly Foundation

The proposed key revisions effectuated by the above documents include:

- A narrowed mission for the Foundation that aligns with supporting The Haven and its mission
- Establishes the Foundation as a Type I supporting organization to The Haven
 - The Haven is the sole member of the Foundation
 - The Haven appoints the directors of the Foundation and will have removal power over the directors
 - The Haven’s Chief Executive Officer is an ex officio, non-voting director on the Foundation Board
 - There is a limit of 25% overlap of simultaneous service of directors/officers between the Foundation and The Haven Board (we can phase this by adding additional directors to the Foundation Board)

Aimee L. Graves
Executive Director

Officers

Barbara Sattler,
PCSC Judge (ret)
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LCSW, CPHQ
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Rebecca Smith, MEd, PCC, SAP

Judith Francis, PhD, MPH

- The Haven has reserved approval powers over certain activities of the Foundation
 - Merger & Dissolution
 - Granting substantially all of its assets
 - Amending its articles and bylaws
- The Foundation would make grants to The Haven, but The Haven does not have the ability to demand funds
- The Foundation is separate from The Haven
 - Separate board of directors
 - Follows its own bylaws
 - Can have funds other than endowments (e.g., funds dedicated to treatment or buildings)
 - Can fundraise
 - Separate legal entity for tax and liability purposes

In addition to the proposed revisions to the Foundation's governing documents, The Haven Board has drafted for your consideration a:

3. Services/Personnel Agreement Between The Haven and The Haven Butterfly Foundation ("Services Agreement")

This "share" or services agreement documents the arrangement between the Foundation and The Haven in order not to blur separate identify status and allows sharing of staff, offices, etc. Specifically, the Services Agreement proposes that the two organizations

- Share staff (e.g., management, accounting, fundraising)
- Hold joint fundraisers and/or coordinate fundraising efforts
- Share expenses (e.g., IT, web design, office, rent)
- The two organizations can work collaboratively on various funding types
 - Endowment Funds
 - Donor Restricted Funds that are not immediately expendable by the Foundation
 - The Haven can create an endowment from existing funds it holds by contributing funds to the Foundation with restrictions
 - Donors can create an endowment by contributing to the Foundation with restrictions
 - Subject to the Foundation's spending policy(ies)
 - Other Funds
 - Funds can be held at The Haven or the Foundation

- Depending on the agreement or instrument creating the fund, fund will be available to The Haven via grant requests from time to time or upon demand
- Examples:
 - Reserve Fund – would be available on demand
 - Capital Campaign – available for specific use
 - Treatment Fund – might be other than an endowment, but available for various amounts for The Haven to request grants
- Usually not subject to the Foundation’s spending policy
- Joint Fundraising
 - The Haven and the Foundation jointly raise funds with The Haven as “lead” encouraging contributions directly to endowment or other named funds held by the Foundation
 - Avoids both entities “double teaming” donors or stepping on toes by both pursuing the same donors
 - Coordinate campaigns to avoid donor fatigue

The Haven Board appreciates the good will the Foundation has demonstrated by inviting outside counsel to review the legal documents that will ultimately establish the relationship between our two organizations. If, once you have reviewed the three (3) attached documents, you have questions or suggestions, please do not hesitate to contact me. The Haven’s counsel, Kendis Muscheid of Ballard Spahr, LLP, has extended herself for consult with the Foundation counsel, Will Conway of Moller & Conway. I would be happy to facilitate those arrangements if you request it.

If you are comfortable with the proposed revisions to the Foundation’s governing documents and Services/Personnel Agreement, we suggest the following next steps in order to forward our organizations’ collaborative relationship:

- Please return to us
 - Signed and file-stamped copy of The Haven Butterfly Foundation’s Amended and Restated Articles of Incorporation after filing with the Arizona Corporation Commission
 - Signed copy of The Haven Butterfly Foundation’s Amended and Restated Bylaws after adoption by your Board of Directors
 - Proof of FY 2022 990N
 - Signed Services/Personnel Agreement



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1107 E. Adelaide Dr.
Tucson, AZ 85719

- Copy of the IRS Form 1023 filed as a Type 1 supporting organization, once filed

The Haven Board understands that you will be completing IRS Form 1023 based on the Butterfly Foundation's final articles and bylaws. While you are doing this, perhaps representatives from each entity should meet and discuss the responses to the items on that form. If you would like to pursue this invitation, I would be glad to facilitate a working meeting at a time and place convenient for all parties.

On behalf of The Haven's Board Chair Sattler and The Haven Board, thank you for your time and consideration. I may be reached at AimeeGraves@TheHavenTucson.org or on my cell at 520-971-7247. We look forward to hearing from you!

Sincerely,

Aimee L. Graves, MA
Chief Executive Officer & President

cc: Barbara Sattler, The Haven Board Chair
Kendis Key Muscheid, Ballard Spahr, LLP

Enclosures