

The Sovereign Military Hospitaller Knights of the Imperial Orders, Inc.
The American Association of the Sovereign Military Hospitaller Knights of the Imperial Orders

BY-LAWS



CORPORATE BY-LAWS OF THE SOVEREIGN MILITARY HOSPITALLER KNIGHTS OF THE IMPERIAL ORDERS, INC.

A Non-Profit Religious Corporation

ORGANIZATION

The Grand Master of The Sovereign Military Hospitaller Knights of the Imperial Orders (the "Order") with the deliberative vote of the Sovereign Council of the Order (the "Sovereign Council") has granted and decreed a constitution, which created a National Association in the United States of America. The Association was going to be called Noblesse Oblige Charities based on the outreach ministries of the Order. However, this became a sticking point in regards to the Order itself and the Friar Knights within the Order. Therefore, the National Association in the United States of America shall be known as The Sovereign Military Hospitaller Knights of the Imperial Orders, Inc. (a/k/a Knights of the Imperial Orders)("the Association") with Noblesse Oblige Charities being created as a fictitious name to be used by the Order for the national fundraising outreach campaign.

In accordance with such grant and decree, the Association is organized pursuant to the Not for Profit Corporation Law of the State of Florida. The corporation was amended to reflect the name change as decreed and amended by the Sovereign Council.

PURPOSE

The purpose of the Association is to implement the objectives of the Order under the authority of the Grand Master and the Sovereign Council, to promote the Glory of God through the sanctification of its members, service to the Faith and the Holy Father and assistance to one's neighbor, in accordance with its ancient traditions.

True to the divine precepts and to the admonition of our Lord Jesus Christ, guided by the teachings of the Church, the Order affirms and propagates the Christian virtues of charity and brotherhood. The Order carries out its charitable works for the sick, the needy and refugees without distinction of religion, race, origin, sex, sexual orientation, and/or age.

The Order fulfills its institutional tasks especially by carrying out hospitaller works through grants, scholarships, and direct services to the poor and needy of the community while attending to their spiritual well-being and the strengthening of their faith in God.

ARTICLE I

OFFICES

The principal office of the corporation within the State of Florida has been relocated to 205 East Cayuga, Tampa, FL 33603 and the primary mailing address shall remain P.O. Box 280329, Tampa, FL 33682-0329. This principal address shall remain in place until a monastery is established within the community. The corporation may have such other offices, either within or without the State of Florida, as the board of directors may designate or as the outreach of the corporation may require from time to time.

The registered office of the Corporation, required by the Florida Nonprofit Corporation Act, to be maintained in the State of Florida may be, but need not be identical, with the principal office in the State of Florida, and the board of directors may change the address of the registered office from time to time.

ARTICLE II

MEMBERS OF THE ASSOCIATION

Section 1.

All members of the Order residing in the territory of the Association have the right to membership in the Association. Members of the Order who belong to another Priory or Association upon their arrival in the territory of the Association may remain members of that Priory or Association.

Section 2.

A Member of the Order who proposes, for justified reasons, to request admission to a Priory, Sub Priory or Association outside the territory where he resides, must do so with the approval of his superior and the consent of the Prince Grand Master.

Section 3.

There shall be an Annual Meeting of the membership of the American Association to be held at such time and in such place as shall be determined in each year by the Board of Councilors.

Section 4.

Special meetings of the members of the American Association may be called at any time by the President, by the Board of Councilors or by fifty-five (55%) percent of the members.

Section 5.

Notice of the time and place of annual and Special Meetings shall be given to each member not less than thirty (30) days prior to the date of the meeting.

Section 6.

A quorum for the transaction of business at a meeting of the members or by a mail ballot shall be twenty percent (20%) of the membership, present in person or present by proxy or who have cast an authorized mail ballot. The vote of a majority of the members so present shall be necessary for any action to be taken by the membership.

Section 7.

The President and Treasurer of the American Association shall give reports at the Annual Meeting to the membership together with reports of such other persons as the President shall deem appropriate.

Section 8.

There shall be a reunion or assemblage of the members of the American Association within each geographic area established by the Board in a church or chapel designated by the respective Area Chairperson, on or about January 28th each year, the annual Feast Day of Charlemagne, the First Patron of the Sovereign Military Hospitaller Knights of the Imperial Orders. Each member of the American Association shall have the obligation to attend such reunion or assemblage unless for justified reasons it is impossible for the member to be present.

Section 9.

Until the American Association reaches five hundred (500) members with, at least, five area territories and five years of age; all aspects associated with Board of Councilors, Article III; Officers, Article IV;

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and Committees, Article V will be suspended and the responsibilities of those Articles will be handled and controlled by the Sovereign Council and the direct authority of the Grand Master, as per the Constitutional Charter and Code. This section does not invalidate the By-Laws but allows them to implement according to their design.

ARTICLE III

BOARD OF COUNCILORS

Section 1.

Subject to ratification by the Sovereign Council, the President and twenty-four (24) Knights and Dames of the Sovereign Military Hospitaller Knights of the Imperial Orders who are members of the American Association shall be known as Councilors and shall constitute the Board of Councilors of the American Association (the “Board of Councilors” or “Board”). The Board of Councilors shall have general charge and supervision of the affairs and activities of the American Association and shall discharge its responsibilities in such manner as best to promote the American Association’s religious and charitable purposes.

Section 2.

The Board shall be divided into three classes of eight (8) Councilors each with the term of office of each class ending in successive years. The members of the American Association each year, prior to their Annual Meeting shall elect, subject to the provisions of ARTICLE IV, Section 2 and Section 3, Councilors to succeed the class of Councilors whose terms shall be expiring. Such newly elected Councilors shall hold offices for three (3) years and until their successors are duly elected and qualified. Subject to the provisions of ARTICLE IV, Section 2 and Section 3, a person elected as a Councilor shall be eligible for re-election to a second successive term as a member of the Board. After two successive terms, a person is not eligible for election or to be appointed pursuant to ARTICLE III, Section 3, until such person has not served as a Councilor for a period of three (3) years, after which such person shall again be eligible for election to the Board.

Section 3.

If any vacancy shall occur in the Board of Councilors as a result of the death, resignation, removal or inability of an incumbent Councilor, the remaining members of the Board of Councilors may fill such vacancy, except as limited under ARTICLE III, section 2, until the next election, at which time members shall elect a person to serve the remaining term, if any, of the incumbent Councilor in accordance with the elections provisions herein. A majority vote of the remaining board (i.e., more than 50% affirmative votes) at a meeting where a quorum is present shall be necessary to elect a candidate to fill such vacancy. Notice of a Special Meeting called for such purpose shall be given to each member of the Board at least ten (10) days prior to such meeting.

Section 4.

The Nominating Committee to be formed as hereinafter provided shall nominate qualified persons as candidates for election to serve as Councilors. On or before May 15th of the calendar year, members may submit names of potential candidates to the Nominating Committee for its consideration.

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The Nominating Committee shall consult with an Advisory Committee of three (3) Area Chairpersons concerning the candidates to be nominated for election to serve on the Board of Councilors. The members of the Advisory Committee shall be elected by a plurality vote of all Area Chairpersons, provided there is a geographic distribution of the three Area Chairpersons elected to the Advisory Committee. Members of the Nominating Committee are not eligible to serve on the Advisory Committee. The members of the advisory committee may not run for election.

The views of the members of the Advisory Committee shall be given due consideration but they shall not participate in the vote of the Nominating Committee on the candidates to be nominated. The vote of the Nominating Committee shall remain confidential.

The procedure for the nomination and election of Councilors shall be as set forth hereafter.

On or before September 10th, the Nominating Committee shall submit to the Board of Councilors their recommendations of at least ten members to be nominated for the election for the Board of Councilors for their approval or disapproval. The Nominating Committee shall notify the Secretary of the Board-approved list of the qualified persons to be nominated as candidates to serve as Councilors.

On or before September 15th, the Secretary shall submit the names of such candidates to all members of the Association. Additional candidates for election as Councilors may also be nominated on or before September 30th, provided that such nominees shall have been proposed as additional candidates to the Secretary by not fewer than twenty-five (25) members. The Secretary shall cause the name of such additional candidates to be included in the ballot to be sent to all members on or before October 15th along with the names of those candidates who have been nominated by the Nominating Committee and approved by the Board of Councilors. Voting shall be by mail, by hand delivery to the Association office or other process, if such process is approved by the Board of Councilors. The election and the tallying of ballots shall be under the supervision of the Secretary. The results of the vote for Councilors shall be announced at the Annual Meeting of the members and written notice given to members promptly thereafter.

Section 5.

Meetings of the Board shall be held upon the call of the President or upon the written request of 10% of the Board delivered to the President or Secretary of the Association. Meetings of the Board shall require at least fifteen days written notice.

Section 6.

A quorum of the Board of Councilors shall consist of an absolute majority of the Councilors (i.e., thirteen (13) Councilors) present in person at a meeting called upon proper notice to all of the Councilors. Except as otherwise required by law or these By-Laws, the act of a majority of the Councilors present at a meeting, if a quorum is then present, shall be the act of the Board.

Section 7.

All acts of the Board require ratification by the Sovereign Council and approval by the Grand Master before they can be implemented, as stated in the Constitutional Charter.

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ARTICLE IV

OFFICERS

Section 1.

Subject to ratification by the Sovereign Council, the officers of the American Association shall be the President, the Chancellor, the Secretary, the Treasurer, the Hospitaller, the Vice Hospitaller, the Principal Chaplain, and the Assistant Principal Chaplain. With the exception of the Principal Chaplain, the Assistant Principal Chaplain, and the President; the officers shall be elected from among the Councilor members of the Board, by the Board, at its first meeting of the calendar year following the election by the affirmative vote of a majority of the entire Board (i.e., thirteen (13) votes). Each officer other than the President must have been a member in good standing for not less than three (3) year and shall be elected for a term of three (3) years or until the expiration of his term as a Councilor, whichever occurs first and may serve for a maximum of two (2) successive terms of three (3) years each, excluding any service to fill a vacancy during a partial term. The President shall be elected to serve for a term of three (3) years and must have been a member in good standing for five (5) years. The President may serve for two (2) successive three (3) year terms. After an absence of at least three years, a member is eligible for election as a Councilor or as an officer.

Section 2.

In a year during which the term of the President shall expire, the Nominating Committee to be formed as hereinafter provided in Article V, Section 2, shall nominate qualified persons as candidates for election to serve as President. On or before May 15th of the calendar year, members may submit names of potential candidates to the Nominating Committee for its consideration.

The Nominating Committee shall consult with the same Advisory Committee of three (3) Area Chairpersons formed to advise the Nominating Committee regarding Councilor nominations (Article II, Section 4) concerning the candidates to be nominated for election to serve as President. The views of the members of the Advisory Committee shall be given due consideration but they shall not participate in the vote of the Nominating Committee on the candidates to be nominated. The vote of the Nominating Committee shall remain confidential.

The procedure for the nomination and election of President shall be as set forth hereafter.

On or before September 10th, the Nominating Committee shall submit to the Board of Councilors, their recommendations of not more than three qualified persons to be nominated as candidates to serve as President for the Board's approval or disapproval. The Nominating Committee shall notify the Secretary of the Board-approved list of the qualified persons to be nominated as candidates to serve as President.

Additional candidates for election as President may also be nominated on or before September 30th, provided that such nominees shall have been proposed as additional candidates to the Secretary by not fewer than one hundred (100) members. The Secretary shall cause the name of such additional candidates for President to be included in the ballot to be sent to all members on or before October 15th along with the names of those candidates who have been nominated by the Nominating Committee and approved by the Board of Councilors.

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Voting shall be by mail, by hand delivery to the American Association office or other process, if such process is approved by the Board of Councilors. The election and the tallying of ballots shall be under the supervision of the Secretary. The candidate receiving the plurality of the votes cast shall be elected. The results of the vote for President shall be announced at the Annual Meeting of the members and written notice given to members promptly thereafter.

Section 3.

The Principal Chaplain of the Association shall be a Chaplain of the Order. He shall be recommended by the Board for a term of five (5) years to the Prelate of the Order who has final authority to approve the appointment. The Principal Chaplain can be re-appointed for successive terms without limitation. The Principal Chaplain shall be an *ex officio* member of the Board without vote.

Section 4.

Upon the nomination by the President, after consultation with the Principal Chaplain, the Board shall elect an Assistant Principal Chaplain of the Association. The Assistant Principal Chaplain shall be a Chaplain of the Order and serve for a term of five (5) years and can be reelected for successive terms without limitation. The Assistant Principal Chaplain shall be an *ex officio* member of the Board without vote.

Section 5.

The President shall be the Chief Executive officer of the American Association and shall preside at all meetings of the American Association as well as all meetings of the Board of Councilors and the Executive Committee. The President shall be an ex officio member of all committees established by the Board, except for the Audit Committee and the Nominating Committee. All other officers, committees established by the Board and all Area Chairpersons shall be directly responsible to the President. The President shall perform such other duties as the Board of Councilors or the Executive Committee shall direct.

Section 6.

The Chancellor shall be the Senior officer of the American Association following the President and shall be an *ex officio* member of all committees established by the Board, except for the Audit Committee and the Nominating Committee. With the approval of the Sovereign Council, the Chancellor shall fill the office of the President whenever a vacancy occurs and shall have the power thereof as Acting President until a duly elected President assumes such office. In the event of the temporary inability of the President to serve, the Chancellor shall become the Acting President and shall have the powers and perform all the duties of the office of the President until such time as the President resumes such role and notifies the Chancellor and all Councilors of resumption of the office of the President. In the event the Chancellor does not succeed to the office of Acting President or assume the temporary duties of the office of the President, the office of the Acting President shall be assumed in order of priority by the Treasurer, Secretary, Hospitaller or Vice-Hospitaller until such time as the Membership elects a President. The Chancellor shall also undertake such other duties as are assigned by the Board, the Executive Committee, or the President.

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Section 7.

The Secretary of the American Association shall attend all meetings of the American Association, the Board of Councilors, and the Executive Committee of the American Association. The Secretary shall act as clerk thereof and shall cause a record of all the proceedings of such meetings to be kept for that purpose. The Secretary shall cause notice to be given of all meetings of the Board of Councilors, Executive Committee of the Board, and meetings of the membership of the American Association, stating the time, place and purpose thereof. The Secretary shall perform such other duties as shall be assigned by the Board of Councilors, the Executive Committee, or the President.

Section 8.

The Treasurer shall be the custodian of all monies, securities of property received by and for the American Association and to be kept in the name of the American Association. All such assets shall be deposited in a bank investment account or other depository designated and approved by the Board of Councilors or the Executive Committee and shall be held for the benefit of the American Association, subject to the approval and direction of the American Association payable in accordance with Sections 1, 2 and 3 of ARTICLE VII of these By-Laws, as well as all other donations to the American Association. The Treasurer is authorized to invest such funds as are not needed for immediate disbursement in such accounts and investments as may be funds of the American Association, except upon written authorization from the President or the Chancellor of the American Association. The Treasurer shall attach all such directives to checks as vouchers, and shall submit to the Board of Councilors at its Annual Meeting an annual report in writing showing the financial condition of the American Association. The Treasurer shall arrange for insurance coverage, including officers and director liability insurance, at the expense of the American Association and in such amount and with such content as the Board or Executive Committee shall deem appropriate.

Section 9.

The Hospitaller shall coordinate the works of pastoral and social assistance of the American Association.

Section 10.

The Board of Councilors has established regional Areas of the American Association. Upon the adoption of the provisions of this section by the members of the Association, Area Chairpersons will be appointed by the President, subject to approval by the Board of Councilors.

Prior to the expiration of an Area Chairperson's term, or when a vacancy otherwise occurs, the President will invite area members to suggest, in writing, not more than three (3) persons for the President's consideration for appointment to serve as Area Chairperson. After consideration of the persons suggested and such other area members deemed suitable and qualified for service as Area Chairperson, the President will appoint a Chairperson for a three (3) year term, subject to approval by the Board of Councilors. The appointed Chairperson is eligible to be considered for reappointment for not more than one (1) additional three (3) year term.

The Area Chairperson will appoint an area member to serve as Area Hospitaller, subject to approval by the Board of Councilors. The Area Chairperson reports to the President and is responsible for carrying out the plans of the Association as they relate to the Areas and for promoting broad interface between

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the Areas and the President, the Chancellor, the Hospitaller, and other Area Chairpersons. The Area Chairpersons have the responsibility to further the charitable, religious, and beneficent works of the American Association within their respective regional areas, and to assist the President and the Board of Councilors in the effective administration of the Association.

ARTICLE V

COMMITTEES

Section 1.

Executive Committee

The Executive Committee shall consist of the President, the Chancellor, the Hospitaller, the Treasurer, the Secretary and five (5) other members of the Board, who shall be elected annually by the Board. The Executive Committee shall advise the President and act when necessary on behalf of the Board on matters authorized by the Board and when circumstances prevent the Board from acting. All actions of the Executive Committee shall be subject to oversight by the Board. The Executive Committee shall meet at the call of the President on not less than two (2) days notice.

Section 2.

Standing Committees

The following committees shall be Standing Committees of the Board of Councilors, which shall be elected for a term of one year by the Board upon the nomination of the President, in consultation with the Executive Committee:

- 1) **Admissions Committee:** The Admissions Committee of five (5) Councilors shall be responsible for overseeing the admissions process and proposing to the Board candidates for admission to the Order. All materials reviewed and all deliberations of the Admissions Committee shall be maintained in confidence.
- 2) **Nominating Committee:** The Nominating Committee of five (5) Councilors shall nominate members for election to the Board of Councilors and President. The President and Chancellor of the Association shall not serve on the Nominating Committee. Members of the Nominating Committee may not run for election to the Board or for President.
- 3) **Audit Committee:** The Audit Committee of three (3) Councilors shall recommend to the Board an independent accounting firm for the annual examination of the Associations financial statements and internal controls. The Committee shall review the audit results and findings with the Board. Officers of the Association may not serve on the Audit Committee.
- 4) **Disciplinary Committee:** Three (3) Councilors shall be appointed as the Disciplinary Committee, which shall constitute the "Permanent Commission" required by the Code of the Order.
- 5) **Operating Committees:** The President, in consultation with the Executive Committee, may appoint one or more committees for the good and welfare of the Association. Both Board and non-Board members may serve on such committees.

ARTICLE VI

MEMBERSHIP

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Section 1.

The Grand Master, with the advice of the Sovereign Council, has the sole and exclusive authority to admit members of the Order.

Candidates for membership are proposed to the Grand Master by the President of the Association. In recommending candidates for membership the President shall do so with the deliberate vote of the Board of Councilors based on the report and recommendation of the Admissions Committee. The procedures and requirements adopted by the Admissions Committee are subject to approval by Grand Master.

Section 2.

A new member must be proposed and sponsored by a Knight or Dame, who is a member of the Association or on the Sovereign Council.

Section 3.

Candidates for admission must provide proof of profession of their faith and meet the standards and provide the documentation and the endorsements of their candidacy required by the Code of the Order and the Admissions Committee.

Section 4.

The reception of Knights and Dames must be preceded by a preparatory period of one year; unless this requirement is dispensed in individual cases by the Sovereign Council, upon the recommendation of the Board of Councilors.

Section 5.

Members of the Second and Third Class whose conduct is less than exemplary are subject to the disciplinary procedures and sanctions as provided in Chapter VI of the Code of the Order.

ARTICLE VII

CONTRIBUTIONS

Section 1.

Each member of the American Association upon becoming a Knight or a Dame of the Sovereign Military Hospitaller Knights of the Imperial Orders shall be expected to contribute, for charitable purposes, an amount to be established in the discretion of the Board of Councilors and ratified by the Sovereign Council and approved by the Grand Master, which shall be remitted by the member not later than March 31st of each year.

Section 2.

The Board of Councilors or the Executive Committee may impose, in addition thereto, such assessments as deemed necessary for the functioning of the American Association and the conduct of its activities.

Section 3.

If a member is not in a position to make contributions as provided by the By-Laws in the judgment of the Grand Master and/or the President, the Grand Master, the President or their designee may exempt such member for a stated period or perpetually from the payment thereof, leaving the right to such

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member, however, to make contributions whenever convenient to do so and in whatever amount the member may decide. The Member may also make a plea to the Grand Master, directly, for leave from this obligation. This Exemption also applies to all Knights and Dames of the First Class, Professed Knights, and all ecclesiastical members of the Order as per the Constitutional Charter. Knights and Dames of the First Class are considered to be Friars and Nuns and are under full religious vows.

Section 4.

Only members who are current in their contributions, pursuant to Sections 1, 2, and 3 of this ARTICLE VII, or exempt pursuant to Section 4 hereof, shall be eligible to vote in any election or to serve as a Councilor, officer, Area Chairperson or any other position in a regional area established by the Board of Councilors.

ARTICLE VIII

COMPENSATION

Section 1.

No member of the Board of Councilors or Officer of the Association shall receive any financial compensation for their position within the Association. However, being an Officer of the Association or on the Board of Councilors will not exempt said party from receiving compensation for an employed position within the Association; i.e., administrator, etc.

Section 2.

The salaries of the employees shall be fixed from time to time by the Board of Councilors and no employee shall be prevented from receiving such salary by reason of the fact that he or she is also a member of the Board of Councilors or an Officer of the Association.

Section 3.

Any compensation arranged by the Association, but not by the Sovereign Council, will follow a conflict of interest policy, which excuses any officer or board member from participating in the compensation decision, if they have a conflict of interest. A conflict of interest is equal to the individual themselves, a member of their family, a business associate, or a long term acquaintance.

Compensation will be decided in advance of the offering of any job and compensation will be based on local and national published norms for similar types of business, within a ten percent margin plus or minus. The decisions associated with salaries will be recorded with detail and a history of the vote associated with agreement to the salaries will be kept, as well.

ARTICLE IX

REMOVAL

Section 1.

Any officer, except the President, or agent may be removed by action of the Board of Councilors, whenever in its judgment, the best interests of the association will be served thereby, but such removal

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shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 2.

Removal of the President may be removed by action of the membership with a three quarter vote, whenever in its judgment, the best interests of the association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 3.

Removal of any officer, including the president, or any Board Councilor may be done by the Grand Master, with or without advice from the Sovereign Council, when in his best judgment, the best interests of the association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

ARTICLE X

MISCELLANEOUS

Section 1.

The Board of Councilors may recommend to the Sovereign Council persons, whether Roman Catholic, Christian, Jew, or other religious affiliation or atheist, on whom the Grand Magistracy may confer Crosses of Merit of the Sovereign Military Hospitaller Knights of the Imperial Orders or such other honors as deemed appropriate, but such Crosses or honors shall not constitute membership in the Sovereign Military Hospitaller Knights of the Imperial Orders.

Section 2.

The fiscal year of the American Association shall be the calendar year.

Section 3.

Whenever a masculine pronoun appears in these By-Laws, it shall be deemed to include the feminine as well.

Section 4.

In the event there is a conflict between these Bylaws, or their interpretation, and the Constitution and Code of the Order, the provisions of the Constitution and Code of the Order, as interpreted by the Sovereign Council, shall prevail.

ARTICLE XI

AMENDMENTS

Subject to the approval of the Sovereign Council, these By-Laws may be amended from time to time by a vote of the Members, pursuant to notice, which sets forth the proposed amendment(s) and the reason for the proposal.

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ARTICLE XII

IRC 501(C)(3) TAX EXEMPTION PROVISIONS

Section 1.

This corporation is organized exclusively for one or more of the purposes as specified in Section 501(c)(3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

Section 2.

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 to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Section 3.

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 4.

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 distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.

Section 5.

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

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ARTICLE XIII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall, to the fullest extent now or hereafter permitted by and in accordance with applicable law, including, without limitation, of the Not-for-Profit Corporation Law of the State of Florida, as in effect from time to time, defend and indemnify any person made, or threatened to be made, a party to any action or proceeding by reason of the fact that he, his testator or intestate was a director, officer, employee or agent of the Association, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees. The Association may obtain such insurance as the Board of Councilors shall from time to time determine to protect the Association against losses caused by the fraudulent or dishonest acts of any director, officer, employee or agent of the Association, to reimburse the Association for any obligation incurred pursuant to the preceding sentence of this Article XI and to indemnify councilors, officers, employees and agents of the Association under circumstances permitted by law.

ARTICLE XIV

NONDISCRIMINATORY POLICY

The organization shall admit students of any race, color, national origin, ethnic origin, sex and sexual orientation to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national origin, ethnic origin, sex or sexual orientation in administration of its educational policies, and athletic and other school-administered programs.

ARTICLE XV

CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES

Section 1.

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

Section 2.

- a. Interested Person.** Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the

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IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.

If a person is an interested person with respect to any entity in the health care system of which the organization is a part, he or she is an interested person with respect to all entities in the health care system.

b. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the corporation has a transaction or arrangement;
2. A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement; or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3.

- a. Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
- b. Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- c. Procedures for Addressing the Conflict of Interest.** An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

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

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After exercising due diligence, the governing board or committee shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

- d. Violations of the Conflicts of Interest Policy.** If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

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

Section 4.

The minutes of meetings of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5.

A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

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

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

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

- a. the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation;
- b. all members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):
 1. is not the person who is the subject of the compensation arrangement, or a family member of such person;
 2. is not in an employment relationship subject to the direction or control of the person who is the subject of the compensation arrangement;
 3. does not receive compensation or other payments subject to approval by the person who is the subject of the compensation arrangement;
 4. has no material financial interest affected by the compensation arrangement; and
 5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.
- c. the board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
 1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size, purpose, and with similar resources;
 2. the availability of similar services in the geographic area of this organization;
 3. current compensation surveys compiled by independent firms;
 4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement;

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

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- d. the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:
1. the terms of the compensation arrangement and the date it was approved;
 2. the members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member;
 3. the comparability data obtained and relied upon and how the data was obtained;
 4. If the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination;
 5. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting;
 6. any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement);
 7. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

Section 6.

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. has received a copy of the conflicts of interest policy;
- b. has read and understands the policy;
- c. has agreed to comply with the policy; and
- d. understands the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7.

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To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Section 8.

When conducting the periodic reviews as provided for in Section 7, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

These By-Laws have been Amended, Ratified and Approved on 25th of March 2014 by the Sovereign Council, as permitted by the Constitution of the Order.

Signed and Sealed By:



H.I. & M.E.H. Pr. Fra' Dr. D. Lee Pippin
Prince Grand Master, Archbishop, Chairman, President, Director



H.E. Sir Christopher T. Hanlon, CKIO
Sovereign Counsel, Sergeant at Arms, Knight Commander, Vice President, Director



H.E. Sir David L. Butler, GKIO
Grand Hospitaller, Secretary, Bailiff Grand Cross, Vice President, Director