

These example Bylaws were crafted to go beyond 'boilerplate' bylaws to include the intentional activities of the Foundation with regards to purpose, duties, investments and eventual spend down of the Foundation. While language throughout is typical/customary for foundation bylaws, the inclusion of the additional sections as briefly described below ensures the Foundation is accountable for a focus on impact at our core.

- Section II.1 (General Purpose): The purpose is limited to charitable, scientific, and educational, and does not include all permissible purposes under I.R.C. 501(c)(3). In particular, they specifically exclude "religious" purposes. A different foundation might have a more expansive list of I.R.C. 501(c)(3) purposes, or it might have reason to limit its purposes to only certain permitted purposes.
- Section II.2 (Specific Purpose). Another foundation might have a different Specific Purpose, but certain principles from this section on Specific Purpose might be instructive. For example, the principle of "do no further harm," avoiding elitist or already well-supported organizations, etc. could/should be broadly applicable.
- Section II.3 (Activities). This section demonstrates the intentionality of the Foundation's work which goes beyond standard bylaws.
- Section IV.2 (Qualifications for Directors) and Section IV.3 (Duties of Directors). These sections demonstrate the intentional selection of board directors with the skills and knowledge to fit the Foundation's focus on impact.
- Section X.4 (Deposit of Funds and Investments) This section demonstrates the intentionality of investments. Similar provisions could be incorporated into an Investment Policy.
- Article XIII (Spend-Down) This section is crafted to promote a sense of urgency, accountability, and intentionality around the Foundation's work.
- Bylaw provisions other than those above are typical/customary. While there might be some stylistic/word choice differences between those provisions and their counterparts in other Bylaws, those other provisions are not customized and do not evidence anything specific the way the separately described provisions above do.

EXAMPLE IMPACT BYLAWS FOR FOUNDATIONS

ARTICLE I NAME

The name of this nonprofit Foundation is the XXXXX Foundation (hereinafter referred to as the "Foundation").

ARTICLE II PURPOSE AND ACTIVITIES

Section 1. General Purpose. The Foundation is organized exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, to positively impact the greater good. No part of the net earnings of the Foundation shall inure to the benefit of any director or officer of the Foundation, or any private individual (except reasonable compensation may be paid for services rendered to or for the Foundation), and no director or officer of the Foundation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Foundation. No substantial part of the activities of the Foundation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Foundation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office. The Foundation shall not engage in any act that would cause it to be subject to tax under Sections 4942 – 4945 of the Internal Revenue Code. Subject to the foregoing, the Foundation shall be authorized to do any and all acts, and to exercise any and all powers that may now or hereafter be lawful for the Foundation to do or exercise under and pursuant to the laws of the State of Texas for the purpose of accomplishing any of the purposes of the Foundation.

Section 2. Specific Purpose. The Foundation seeks to honor, nurture, and support entrepreneurial organizations and initiatives that make the world a better place, particularly for peoples and communities in the most challenging predicaments facing humanity and our planet. In the United States and Australia, and around the globe, the Foundation seeks those organizations and individuals who dare to imagine change, and who are developing cost-effective solutions and interventions for positive impact – whether economic, educational, or humanitarian. The Foundation partners with organizations, entrepreneurs and innovators who are developing effective, efficient, systems-changing, ground-breaking, sustainable solutions with demonstrable significant positive impact for disadvantaged, underserved peoples and communities. The Foundation supports initiatives that amplify positive impacts on the greater good and “do no further harm.” The Foundation seeks out, supports, and works with changemakers whose ideas, products or services dare to imagine ecosystem-wide change, and who have demonstrated potential in achieving that change. The Foundation supports organizations and changemakers that are innovators and first movers, with strategies that are likely to contribute exponentially to the greater good through revolutionary products,

services, or processes that can be expanded or replicated. The Foundation seeks to avoid organizations or institutions that are elitist, or that already have a massive support base.

Section 3. Activities. In the United States, Australia and around the globe, the Foundation conducts the following activities to contribute positively to humanity and our planet:

- a. *Curate the Foundation's Capital for Positive Impact*
The Foundation actively curates capital—in all the forms defined in Foundation policies—for positive impact. The Foundation invests in, deploys, and utilizes multiple forms of capital, including Thought and Action Leadership Capital; Mentor and Role Model Capital; Network Capital; Information Distribution Capital; Legal Capital (including by participating in legal disputes to establish important precedents in the impact arena); Bridge or Growth Loan Capital, Angel and Venture Capital; Micro Capital; and Direct Intentional Impact Capital.
- b. *Disburse Traditional Grants.* The Foundation's traditional grant program funds not-for-profit impact initiatives in the Southwest United States, Australia, and other parts of the world. Past grants have been made in Ethiopia, South Africa, Indonesia, Sri Lanka, Vietnam, India, and Haiti. The traditional grant program focuses on initiatives that contribute to building capacity in communities where the opportunity to achieve one's potential is thwarted by circumstance, such as poverty, disaster, conflict, or postcode. The Foundation contributes to entrepreneurs and organizations whose products, services, and processes aim for innovative, bold, demonstrable, and large impacts, and contributes where its impact will be particularly needed or evident, such that the Foundation is a “first mover” when others are hesitant.
- c. *Contribute to Impact Ecosystems.* By funding and contributing non-monetary resources, the Foundation seeks to add to the body of evidence in the nascent impact field by (i) nurturing, supporting, and rewarding impact innovators; (ii) providing “capital” in all the forms defined in Foundation policies – including intellectual, reputational, and financial – to underserved people and communities in the Foundation's ecosystem; (iii) connecting investors and funders with impact entrepreneurs; and (iv) educating, through research and distribution of research findings in various forums.
- d. *Conduct Academic Research.* By funding and contributing non-monetary resources, the Foundation seeks to add to the body of evidence in the impact field regarding (i) the future of entrepreneurship and enterprising initiatives for positive impact; (ii) impact investing; and (iii) measurement of impact.

ARTICLE III OFFICES

Section 1. Principal Office. The principal office of the Foundation in the State of Texas shall be located in the City of Austin. The Foundation may have such other offices, in Australia, or the United States, as the Board of Directors may determine or as the affairs of the Foundation may require from time to time.

Section 2. Registered Office and Agent. The Foundation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Business Organizations Code. The registered office may be, but need not be, identical with the principal office of the Foundation in the State of Texas. The address of the registered office and the identity of the registered agent may be changed from time to time by the Board of Directors. The Foundation may have and maintain a separate registered office and registered agent in any other jurisdiction where it is required or chooses to do so.

ARTICLE IV DIRECTORS

Section 1. Board of Directors. Except as otherwise specifically provided herein, the affairs of the Foundation shall be managed by a Board of Directors. All directors shall be custodians and stewards of (i) the Foundation's "capital" (in all the ways capital is defined in the Foundation Investment Policy; (ii) positive impact work; (iii) the rich legacy of the Foundation's leadership in the impact entrepreneurship, philanthropy, and impact investing space; and (iv) the ethos of "doing no harm".

Section 2. Qualifications. All directors shall possess appropriate financial accounting knowledge, including the ability to read and comprehend the Foundation's accounts and financial material presented to the Board of Directors, and shall understand financial reporting requirements and principles of corporate finance. All directors should have knowledge or experience in some or all of the following:

- a. *Strategy.* A director should (i) have the ability to understand, develop, and review the Foundation's strategy; (ii) have the capacity to envision preferred futures among multiple possible futures; and (iii) oversee enactment of the Foundation's actions toward preferred futures.
- b. *Legal Issues.* A director should (i) have the ability to understand, develop, and review the legal responsibilities of the Board of Directors; (ii) oversee compliance with applicable law; and (iii) understand the director's own legal duties and responsibilities.

- c. *Risk Management.* A director should have knowledge and experience in enterprise risk management.
- d. *Managing People and Achieving Change.* A director should have experience as a leader or senior member of a management team in a similar or larger-sized organization.
- e. *Industry/Sector Knowledge.* A director should have experience in the impact entrepreneurship, and impact investing space.

Each director shall have the following personal qualities:

- f. *Integrity.* Each director shall (i) put the Foundation's interests before personal interests; (ii) act ethically without doing harm to any stakeholders; and (iii) fulfil his or her duties and responsibilities to the standards required.
- g. *Interpersonal Skills.* Each director must work well in a group, listen well, and be able to communicate a point of view frankly, with respect.
- h. *Genuine Interest.* Each director must have a genuine interest in the Foundation, its business of positive impact, and its fundamental principles of **“Is it good for people? Is it good for the planet? Does it do harm somewhere in the ecosystem?”**.
- i. *Analytical Ability.* Each director must have the ability to analyse competing arguments and the pros and cons of an issue to come to informed, considered conclusions in a timely manner.
- j. *Curiosity.* Each director must have the curiosity to ask questions, and the courage to persist in asking or to challenge staff and fellow directors when necessary.
- k. *Preparedness and Capacity to Participate and Contribute.* Each director shall be prepared for each meeting, participate in meetings, conduct site visits, and fulfil requirements for directors' continued professional development (CPD).
- l. *Willingness and Capacity.* Each director shall allocate sufficient time for Board and committee work.

Section 3. Duties. The Board of Directors is responsible for the following:

- a. Overall governance of the Foundation;
- b. Achievement of the Foundation's purposes;
- c. Financial oversight, including ensuring the Foundation has the resources to fund the activities enacted in fulfilment of its purposes; disbursing money in

accordance with Foundation's purposes, and using systematic assessment tools with clearly defined and operationalized criteria;

- d. Recruitment, selection, and monitoring of the Foundation's Chief Executive Officer (if any);
- e. Representation to the general public—consistent with the leadership reputation of the organization and representing the Foundation's fundamental principles: ***"Is it good for people? Is it good for the planet? Does it do harm somewhere in the ecosystem?"***.
- f. Adhering to the highest standards of conduct that exemplify the above principles.

Each Director shall comply with the Personal Development Requirements and Service Requirements established by the Founding Director from time to time and shall undergo an annual performance review using the Performance Review Criteria established by the Founding Director. Non-compliance is grounds for removal.

Section 4. Number. The Foundation shall have a minimum of three (3) and a maximum of five (5) directors.

Section 5. The Founding Director. XXXXXXXXXXXX shall hold the title, "Founding Director." Except as otherwise provided by these Bylaws, the Founding Director shall have the same rights and responsibilities as all other directors and shall have a voice and vote equal to that of each other director. In addition, the Founding Director shall have the authority to establish Personal Development Requirements, Service Requirements, and Performance Review Criteria for all directors, and a Disbursement Assessment Tool for the Foundation. The Founding Director shall not stand for election to the Board of Directors and is not subject to term limits or removal. Upon the death, resignation, or permanent incapacity of XXXXXXXXXXXX, the Foundation shall cease to have a Founding Director, and all rights and responsibilities of the Founding Director shall become the rights and responsibilities of the Board of Directors.

Section 6. At-Large Directors. From time to time, as appropriate, the Founding Director may appoint "At-Large Directors." In appointing At-Large Directors, the Founding Director shall seek to ensure that the Board of Directors has expertise in each of the qualifications listed in Section IV.2. Each At-Large Director shall have the same rights and responsibilities as all other directors and shall have a voice and vote equal to that of each other director.

Section 7. Appointments and Elections. Each class of directors shall be appointed in accordance with the provisions of Sections IV.2 – IV.6, above. All appointments to the board shall be contingent upon the appointee's executing the *Director Affirmation* prior to beginning service. In the absence of a Founding Director, the Board of Directors shall be self-electing and self-perpetuating. In the absence of a Founding Director, new Directors generally shall be elected at the annual meeting. If elections are not held at that time, they

will be held as soon thereafter as convenient and the Board of Directors then serving shall continue to manage the affairs of the Foundation during any interim period.

Section 8. Term. Each At-Large Director shall hold office for one year or until a successor has been elected and has qualified. There shall be no limitation on the number of terms an individual may serve as a director.

Section 9. Removal. Any director may be removed by the Founding Director whenever, in the opinion of the Founding Director, removal is in the best interest of the Foundation. When there is no Founding Director, any director may be removed by the affirmative vote of all remaining directors when, in the opinion of the remaining directors, removal is in the best interest of the Foundation.

Section 10. Resignation. Any director may resign at any time by giving written notice to the Board of Directors, the Chair, or the Secretary of the Foundation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board of Directors or such officer. The acceptance of the resignation shall not be necessary to make it effective.

Section 11. Vacancies. Vacancies that occur on the Board of Directors shall be filled in accordance with the applicable provisions of Sections IV.2 – IV.7, above. If there is a complete vacancy on the Board of Directors, then a director shall be appointed by a district court sitting in the county where the principal office of the Foundation is located, and the remaining vacancies shall be filled in accordance with Section IV.7.

Section 12. Meetings. Regular meetings of the Board of Directors shall be held at least annually. Special meetings of the Board of Directors may be called by the Chair or at the written request of any two directors.

Section 13. Notices. Notices of all meetings shall be sent by the Secretary to each member of the Board of Directors at least three (3) days before each meeting.

Section 14. Annual Meeting. The Board of Directors may hold an annual meeting for the purpose of electing officers, receiving reports of officers, and committees and any other business that may arise. Such meeting shall be held at such time and place as the Board of Directors may designate in the notice of the meeting.

Section 15. Attendance. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting that the meeting is not properly called.

Section 16. Quorum for Meeting. A quorum shall consist of a majority of the directors then serving and, so long as there is a Founding Director, must include the Founding Director.

Section 17. Voting. The affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or these Bylaws.

Section 18. Proxies. No Proxies. A director may not vote by means of or be represented by a proxy.

Section 19. Action by Written Consent.

a. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if consent in writing, setting forth the action to be taken shall be signed by all members of the Board of Directors. Such consent shall have the same force and effect as a unanimous vote at a meeting.

b. (1) Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be taken shall be signed by a sufficient number of the directors as would be necessary to take that action at a meeting at which all of the directors were present and voted and provided that the consent in writing has been signed by the Founding Director, so long as there is a Founding Director.

(2) Each written consent shall bear the date of signature of each director who signs the consent. A written consent signed by less than all of the directors is not effective to take the action that is the subject of the consent unless, within 60 days after the date of the earliest dated consent delivered to the Foundation in the manner required by this Section, a consent or consents signed by the required number and classes, if applicable, of directors is delivered to the Chair of the Foundation at the Foundation's principal place of business or to the Secretary of the Foundation. Delivery shall be by hand, electronic transmission, or certified or registered mail, return receipt requested.

(3) Prompt notice of the taking of any action by directors without a meeting by less than unanimous written consent shall be given by the Secretary to all directors who did not consent in writing to the action.

(4) A photographic, photostatic, facsimile, electronic, or similar reproduction of a writing signed by a director shall be regarded as signed by the director for purposes of this Section.

Section 20. Telephonic Meetings. A meeting of the Board of Directors may be held by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation pursuant to this section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting that the meeting was not properly called.

Section 21. Prohibited Actions. No loans or disbursements shall be made by the Foundation to any member of the Board of Directors. Provided, however, directors may be reimbursed as may be authorized by the Chair from time to time for reasonable, ordinary and necessary travel and other out-of-pocket expenses incurred in discharging the role and duties of a director. A person serving as a director may receive compensation for other services rendered to the Foundation as determined by the Chair from time to time.

ARTICLE V OFFICERS

Section 1. Personnel. The officers of the shall consist of a Chair, a Secretary, a Treasurer and such other officers as may be deemed necessary and selected by the Board of Directors. Any two or more offices may be held by the same person, except the offices of Chair and Secretary. A person need not be a director in order to be elected an officer.

Section 2. Term. Officers so elected shall hold office for a term of three years, or until the earlier of the date their successors are elected and qualify, or the date such officer dies, resigns, or is removed.

Section 3. Resignation and Removal. Any officer may resign at any time by giving written notice to the Chair or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon receipt, and the acceptance of the resignation shall not be necessary to make it effective.

Section 4. Vacancy. In the event of a vacancy in any office, the Board of Directors shall elect a replacement.

Section 5. Chair. During the time that XXXXXXXXXX serves as Founding Director, the Founding Director shall serve as Chair. The Chair shall preside at all meetings of the Board of Directors and be responsible for the general management of the affairs of the Foundation. The Chair has authority to sign and execute such documents on behalf of the Foundation, including any deeds, investments, mortgages, bonds, contracts, or other instruments. The Chair shall perform all duties incident to the office of Chair and do such things as she may, in her reasonable discretion, deem necessary and appropriate and in the best interest of the Foundation, in connection with supervision of the activities and affairs of the Foundation.

Section 6. Secretary. The Secretary shall keep minutes of the meetings of the Board of Directors and shall send copies of all minutes to the Board of Directors and to such other parties as are designated by the Chair. The Secretary shall notify the directors of all meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Treasurer. The Treasurer shall cause to be kept regular books of account of the Foundation's funds and property and shall present a periodic financial statement and present the annual audit (if conducted) to the Board of Directors. The Treasurer shall be responsible for presenting an annual budget to the Board of Directors for approval and shall perform such other duties as may be prescribed by the Board of Directors from time to time.

ARTICLE VI APPOINTIVE OFFICERS AND AGENTS

Section 1. Officers and Agents. The Board of Directors may appoint such officers and agents in addition to those specifically provided for in the Bylaws, as may be deemed necessary, who shall have such authority and perform such duties as shall from time to time be prescribed by the Board of Directors. All appointive officers and agents shall hold their respective offices or positions at the pleasure of the Board of Directors and may be removed from office or discharged at any time with or without cause.

Section 2. Chief Executive Officer. A Chief Executive may be appointed by the Board of Directors, and under the direction of the Board of Directors, shall be administrative officer of the Foundation and shall perform such other duties as directed by the Board of Directors. The compensation of the Executive Director shall be determined by the Board of Directors, and this person shall serve at the pleasure of the Board of Directors.

Section 3. Staff. The Chair and or the Board of Directors shall have the authority to appoint and/or employ any person or persons deemed necessary to carry out the purposes of the Foundation.

Section 4. Investment Advisor. The Chair and or the Board of Directors shall have the authority to appoint and retain an Investment Advisor for the Foundation.

ARTICLE VII COMMITTEES

Section 1. Appointment of Committees. Committees may be designated by the Board of Directors, who shall appoint their members. Each committee shall have and may exercise such powers as the Board of Directors may determine and specify in the respective resolutions appointing them.

Section 2. Removal. The members of any committee may be removed by the Board of Directors whenever in their judgment the best interests of the Foundation shall be served by such removal.

Section 3. Chairperson. One member of each committee shall be appointed chairperson by the Board of Directors. A person need not be a director to serve on a committee, but a person must be a director in order to serve as chairperson of a committee.

Section 4. Vacancies. Vacancies in the members of any committee may be filled by appointments made in the same manner as provided in the case of original appointments.

Section 5. Quorum. Unless otherwise provided by the Board of Directors a majority of the whole committee shall constitute a quorum so long as the chairperson is a member of such present majority, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 6. Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

Section 7. Committee Action by Written Consent.

a. Any action required or permitted to be taken at any meeting of a committee may be taken without a meeting if a consent in writing, setting forth the action to be taken shall be signed by a sufficient number of the committee members as would be necessary to take that action at a meeting at which all of the committee members (including the chairperson) were present and voted.

b. Each written consent shall bear the date of signature of each committee member who signs the consent. A written consent signed by less than all of the committee members is not effective to take the action that is the subject of the consent unless, within 60 days after the date of the earliest dated consent delivered to the Board of Directors in the manner required by this Section, a consent or consents signed by the required number of committee members is delivered to the chairperson of the committee. Delivery shall be by hand or certified or registered mail, return receipt requested.

c. Prompt notice of the taking of any action by the committee without a meeting by less than unanimous written consent shall be given by the committee chairperson to all committee members who did not consent in writing to the action.

d. A photographic, photostatic, facsimile, electronic, or similar reproduction of a writing signed by a committee member shall be regarded as signed by the committee member for purposes of this Section.

**ARTICLE VIII
NOTICES**

Section 1. Form of Notice. Whenever under the provisions of these Bylaws, notice is required to be given to any person, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by facsimile, electronic mail, or United States Mail, International Mail carriers such as FedEx, UPS or DHL, postage prepaid, addressed to such person at such address as appears on the books of the Foundation. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the notice is deposited, postage prepaid, in the United States Mail. Notice transmitted by facsimile or electronic mail shall be deemed to be given at the time when the facsimile or electronic message is transmitted to a facsimile number or electronic message address provided by the recipient.

Section 2. Waiver. Whenever any notice is required to be given to any person under the provisions of these Bylaws, a written waiver signed by a person entitled to notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance at such meeting shall constitute a waiver of notice of such meeting, except where a Director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

ARTICLE IX FISCAL YEAR

The fiscal year of this Foundation shall begin on January first and shall end on December thirty first.

ARTICLE X CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

Section 1. Contracts and Instruments. The Board of Directors may authorize any officer or officers, agent or agents of the Foundation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loan shall be contracted on behalf of the Foundation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors.

Section 3. Checks and Electronic Transfers. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Foundation, shall be signed by the Chair or the Chair's designee.

Section 4. Deposits of Funds and Investments. All funds of the Foundation shall be deposited from time to time to the credit of the Foundation in such banks, trust companies or other depositories as the Board of Directors may select. When selecting depositories or investments, the Board of Directors shall apply positive impact criteria. When assessing returns on investment, the Board of Directors shall take into account financial returns as well as positive or negative impacts of the potential investment by asking: ***“Is it good for people? Is it good for the planet? Does it do harm somewhere in the ecosystem?”*** In selecting investments, the Board of Directors shall give preference to investments that contribute to innovation in ways to tackle entrenched socioeconomic and environmental problems in the United States and Australia, and around the world and shall abide by the following criteria:

- a. *In the private equities market*, the Board of Directors may consider an investment's potential for both financial and impact returns, particularly the potential for massive positive impact on the lives of people around the world, especially those in the most challenging circumstances facing humanity and our planet. The Board of Directors shall aim to invest in entrepreneurs and enterprises whose products, services, and processes aim for innovative, bold, demonstrable, and large positive impacts. The Board of Directors shall seek out investments where the Foundation's impact as an investor will be particularly needed or evident, and where the Foundation can be a “first mover” and a role model when others are hesitant.

- b. *In the bonds market*, the Board of Directors shall seek to invest in bonds that have the potential for massive positive impact on the lives of people in challenging circumstances in the United States and Australia. When investing in bonds, the Board of Directors shall look for issuers that emphasize sustainability, role modelling, green building, or social and communally purposeful building of infrastructure, social services, education, renewable energy, water, or food security.
- c. *In the public equities / stock market*, the Board of Directors shall actively apply negative and positive screens. When investing in stocks, the Board of Directors shall seek out companies that offer competitive financial returns on investment and that seek to minimize negative impacts in all they do while proactively moving toward positive social, environmental and governance impacts, and who most enact best practice ESG principles.

Section 5. Disbursements. All disbursements shall be by check or bank transfer. *Provided, however,* that the Board of Directors may establish a “petty cash fund” for incidental expenses and disbursements. Any disbursement in the form of a grant or impact investment must have been evaluated under the Disbursement Assessment Tool established by the Founding Director.

Section 6. Bonding. At the discretion of the Board of Directors, the Treasurer and such other officers, agents and employees of the Foundation as the Board of Directors shall designate shall be bonded.

ARTICLE XI MINUTES, RECORDS AND REPORTS

Section 1. Minutes. The Foundation shall keep correct and complete books and records of account. The Foundation shall also keep minutes of the proceedings of the Board of Directors, and committees having any of the authority of the Board of Directors.

Section 2. Financial Records. The Foundation shall maintain current true and accurate financial records with full and current entries made with respect to all financial transactions of the Foundation, including all income and expenditures, in accordance with generally accepted accounting practices. Financial records of the Foundation shall be open to inspection by any of the directors during business hours.

Section 3. Reports. Based on these financial records, the Board of Directors shall annually prepare or approve such reports of the financial activity of the Foundation for the preceding year as are required by the Internal Revenue Service.

Section 4. Audit. The books of the Foundation may be audited by a certified public accountant appointed by the Board of Directors. The auditor’s report shall be filed with the records of the Foundation.

**ARTICLE XII
INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Section 1. Indemnification. Article 8.151 of the Texas Business Organizations Code (the "Code") permits the Foundation to indemnify its present and former directors and officers to the extent and under the circumstances set forth therein. The Foundation hereby elects to and does hereby indemnify all such persons to the fullest extent permitted or required by the Code promptly upon request of any such person making a request for indemnity hereunder. Such obligation to so indemnify and to so make such determination may be specifically enforced by resort to any court of competent jurisdiction. Further, the Foundation shall pay or reimburse the reasonable expenses of such persons covered hereby in advance of the final disposition of any proceedings to the fullest extent permitted by the Act and subject to the conditions thereof.

Section 2. Insurance. The Foundation may purchase and maintain insurance against any liability asserted against and incurred by any officer or director in a capacity described in these Bylaws or arising out of the status of such a person, whether or not the Foundation would have the power to indemnify such person against that liability under this Article.

**ARTICLE XIII
GENERAL PROVISION**

By adopting these Bylaws, the Board of Directors has committed the Foundation to pursue a spend-down strategy by which the Foundation will be liquidated after XXXXXXXXX. Prior to then, the Board of Directors will conduct inquiries and research to identify potential recipients of "Spenddown Distributions." When establishing Spenddown Distributions, the Board of Directors shall seek to make grants that maximize positive impact and that are change-making. On XXXXXX, the Foundation shall begin making Spenddown Distributions, with the goal that on XXXXXXX, the Foundation will be fully spent down, retaining only the funds deemed necessary to pay final expenses. The Board of Directors has committed to manage the Foundation's investments in a manner that is consistent with this goal. This Article XIII cannot be amended or omitted without the consent of a majority of the Board of Directors that includes XXXXXXXXXX.

**ARTICLE XIV
AMENDMENTS, PARLIAMENTARY PROCEDURE AND EFFECTIVE DATE**

Section 1. Amendments. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted at any regular or special meeting of the Board of Directors of the Foundation by a majority vote of the directors present (which majority must include the Founding Director), provided that notice setting forth the proposed alterations, amendments, or new Bylaws has been given to all directors of the Foundation not less than seven (7) days before such meeting.

Section 2. Parliamentary Procedure. In all cases where parliamentary procedure of the Foundation is not provided by these Bylaws, the Board of Directors shall adopt the procedure it deems best.

Section 3. Effective Date. These Bylaws shall be effective as of the date (the "General Effective Date") these Bylaws are approved by Unanimous Consent of the Board of Directors, as indicated by the Chair upon execution of these Bylaws in the signature blocks of this instrument that follows, attested by the Secretary of the Foundation therein; provided, however that in the event of a final determination by a competent authority that one or more provisions of these Bylaws, in order to be valid, may only be effective as of a date or dates later than the General Effective Date (each, a "Special Effective Date"), then these Bylaws shall be deemed amended and consistent with that determination, without further action by the Board, or any officer, or any other person, and such affected provisions only shall become and be effective as of the Special Effective Date rather than the General Effective Date.