

BYLAWS OF SHEEP NOT GOATS INC. EIN 46-1823147

ARTICLE I — NAME AND PURPOSE

Section 1 — Name: The name of the organization is Sheep Not Goats Inc. It is a nonprofit organization incorporated under the laws of the State of Florida.

Section 2 — Purpose: Sheep Not Goats Inc. is organized exclusively for the following charitable and education purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future US federal tax code:

- To provide relief of the poor, distressed, and underprivileged in the town of Malpaisillo, Nicaragua and surrounding area through development and operation of a not-for-profit agricultural enterprise (farm) that will provide income to the poor and improved food access.
- To offer educational support within the community by teaching English as a second language as well as offering education support in other subject areas, as needed
- To provide other non-partisan and charitable services as approved by the Board of Directors, within the boundaries defined in Article I, Section 3 of the bylaws.

Section 3 - Restrictions on Activities and Beneficiaries: No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, 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 set forth in Section 2 above. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the 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 provision of these articles, the corporation shall not carry on any other 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 the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

ARTICLE II — MEMBERSHIP

Section 1 – Membership: Membership shall consist of the board of directors.

ARTICLE III — BOARD OF DIRECTORS

Section 1 - Board role, size, and compensation: The board is responsible for overall policy and direction of the corporation, and delegates responsibility of day-to-day operations to the staff and committees. The board shall have no fewer than 5 members. The board members receive no compensation for their service as board members.

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Section 2 - Board Member Terms: All board members shall serve three-year terms, and each board member may serve up to three consecutive terms, with the exception of the two officers of the board, who are not subject to the three-term limit. Former board members may rejoin the board after two years off the board, if elected to the board via standard election procedures outlined in Section 4 below.

Section 3 - Board Meetings and notice: The board shall meet semi-annually, at an agreed-upon time and venue. Meeting "virtually" via Skype or similar electronic means is acceptable. An official board meeting requires that each board member have written notice at least four weeks in advance. Board meetings will last for at least one hour, with supporting documents for each agenda topic sent by email to the board members at least 48 hours before the board meeting.

Section 4 - Board Elections: During the board meeting that immediately precedes the end of any board member's three-year term, whether that term is ending due to expiration, resignation, or other reason, the board of directors shall elect a new Director to replace each departing director. This election shall take place during a regular meeting of the directors, called in accordance with the provisions of these bylaws.

Section 5 - Election Procedures: New directors shall be elected by a majority of directors present at such a meeting, provided there is a quorum present. Directors so elected shall serve a term beginning immediately following the board meeting.

Section 6 - Quorum: A quorum must be attended by at least fifty percent of board members for business transactions to take place and motions to pass.

Section 7 - Officers and Duties: There shall be two officers of the board, consisting of a Chair/Treasurer and Vice-Chair/Secretary. Duties are as follows:

- The Chair/Treasurer shall convene regularly scheduled board meetings and shall preside or arrange for officers of the board to preside at each meeting in the following order: Chair/Treasurer, Vice-Chair/Secretary. The Chair/Treasurer shall make a report at each board meeting, and shall chair the finance committee, assist in the preparation of the budget, help develop fundraising plans, and make financial information available to board members and the public.
- The Vice-Chair/Secretary shall chair committees on special subjects as designated by the board, and shall be responsible for keeping records of board actions, including overseeing the taking of minutes at all board meetings, sending out meeting announcements, distributing copies of minutes and the agenda to each board member, and assuring that corporate records are maintained.
- Either officer of the board is authorized to certify board resolutions and corporate documents as being approved by the board and official, and to submit them to governmental bodies for incorporation into the official documents of the corporation. The officers are also explicitly authorized to represent the corporation in any and all meetings or other communications with government agencies or representatives, both in the United States and in Nicaragua. They may also appoint a representative of their choosing to represent and act on behalf

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of the corporation within Nicaragua, and to remove or replace such representative as they determine to be in the best interests of the corporation.

Section 8 - Vacancies: When a vacancy on the board exists mid-term, and that vacancy leaves the number of board members below the minimum number of board members per Article II, Section 1 above, the Vice-Chair/Secretary must schedule a special board meeting and solicit nominations for new members four weeks in advance of that special board meeting. Nominations shall be sent out for review by the board members as they are received by the Vice-Chair/Secretary, and will be voted upon at the next board meeting. Vacancies may be filled only to the end of the particular board member's term.

Section 9 - Resignation, Termination, and Absences: Resignation from the board must be in writing and received by the Vice-Chair/Secretary. A board member shall be terminated from the board if absent from two consecutive board meetings. A board member may be removed for other reasons by a three-fourths vote of the remaining directors.

Section 10 - Special Meetings: Special meetings of the board shall be called upon the request of the Chair/Treasurer, or one-third of the board. Notices of special meetings shall be sent out by the Vice-Chair/Secretary to each board member at least two weeks in advance.

ARTICLE V — COMMITTEES

Section 1 - Committee Formation: The board may create committees as needed, such as fundraising, housing, public relations, data collection, etc. The board chair appoints all committee chairs.

Section 2 - Executive Committee: The two officers serve as the members of the Executive Committee. Except for the power to amend the Articles of Incorporation and bylaws, the Executive Committee shall have all the powers and authority of the board of directors in the intervals between meetings of the board of directors, and is subject to the direction and control of the full board.

Section 3 - Finance Committee: The Chair/Treasurer is the chair of the Finance Committee, which includes two other board members. The Finance Committee is responsible for developing and reviewing fiscal procedures, fundraising plans, and the annual budget with staff and other board members. The board must approve the budget and all expenditures must be within budget. Any major change in the budget must be approved by the board. The fiscal year shall be the calendar year. Annual reports are required to be submitted to the board showing income, expenditures, and pending income. The financial records of the organization are public information and shall be made available to the membership, board members, and the public.

ARTICLE VI — CONFLICTS OF INTEREST

Section 1: Transactions and Arrangements Involving Officers and Directors - Whenever a director or officer has a financial or personal interest in any matter coming before the board of directors, the board shall ensure that:

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- The interest of such officer or director is fully disclosed to the board of directors. 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.
- No interested officer or director may vote or lobby on the matter or be counted in determining the existence of a quorum at the meeting of the board of directors at which such matter is voted upon.
- Any transaction or arrangement in which a director or officer has a financial or personal interest shall be duly approved by members of the board of directors not so interested or connected as being in the best interests of the organization. The chairperson of the Board of Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 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 organization'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. If so, any payments to the interested officer or director shall be reasonable and shall not exceed fair market value. The minutes of meetings at which such votes are taken shall record such disclosure, abstention, and rationale for approval.

Section 2 - Conflicts of Interest Regarding Compensation - A voting member of the governing board who receives compensation, directly or indirectly, from the organization 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 organization 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 Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 3 - Annual Statements - Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- has received a copy of the conflicts of interest policy,
- has read and understands the policy,
- has agreed to comply with the policy, and

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- understands the Organization 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.

ARTICLE VII — EXECUTIVE DIRECTORS

Section 1 - Executive Directors: Two Executive Directors are appointed by the board and have day-to-day responsibilities for the organization, including carrying out the corporation's goals and policies. The executive directors will reside on the farm property, and are authorized to spend from the funds of the corporation. Executive Directors shall attend all board meetings, report on the progress of the organization, and answer questions of the board members, which can designate specific duties of the executive directors as necessary.

Section 2 - Recordkeeping and Filings by Executive Directors: The Executive Directors shall keep books and records detailing all major activities, both financial and nonfinancial, and including but not limited to the receipt and use of support such as contributions, grants, sponsorships, as well as sales and other sources of revenue. Expenditures shall also be tracked. The Executive Directors will annually file IRS Form 990 and make any other filings and responses to potential inquiries from the IRS or State of Florida, as required by law.

Section 2 - Compensation for Executive Directors: The Executive Directors shall receive no financial compensation for their work on behalf of the corporation.

Section 3 - Other Benefits for Executive Directors: The Executive Directors shall reside on the farm property without rent and may utilize utility services (phone, electricity, water, Internet) paid for by the corporation. They may also use products of the farm, for example chickens, eggs, and tomatoes, for their personal consumption and that of others visiting the farm. Sheep Not Goats may occasionally pay expenses related to Spanish-language education and learning tools as the Executive Directors are able to interact most effectively with the community if they possess good local-language skills.

Section 4 - Reimbursement: The Executive Directors shall be reimbursed for expenses considered normal and reasonable when paid from their personal funds, which is acknowledged to be at times necessary given the challenges associated with doing business in Nicaragua and similar locations. When they make use of their personal vehicle for corporation business, they will be reimbursed at the then-current Standard Mileage Rate for business miles driven as defined by the US Internal Revenue Service. Records will be kept of all expenses that have been or are expected to be reimbursed. If travel that includes fundraising activity yields additional donations that can be clearly linked to such fundraising activity, travel expenses may be reimbursed using up to 50% of the amount received from the individuals or groups that were met with. Only donations received within one month of such meetings may be considered.

ARTICLE VIII - COMPENSATION

Section 1 - If a time should arise when annual compensation for any officer, director, trustee, employee, or independent contractor exceeds \$50,000, the following procedures will be followed:

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- Any individual approving such compensation arrangements will follow a conflict of interest policy.
- Compensation arrangements will be documented in writing, including date and terms, and shall be approved by the Board of Directors in advance of agreeing to payment of such compensation or initiating work that would knowingly establish such a debt.
- Any decision by an individual who decided or voted on such compensation arrangements will be recorded writing.
- Compensation arrangements shall be based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations. The bases for such compensation decisions shall be recorded in writing.

ARTICLE IX – AMENDMENTS

Section 1 - Amendments: These bylaws may be amended when necessary by two-thirds majority of the board of directors. Proposed amendments must be submitted to the Secretary to be sent out with regular board announcements.

Certification

These bylaws were approved at a meeting of the board of directors by a two-thirds majority vote on May 26, 2013, with subsequent updates approved, also by a two-thirds majority, on December 29, 2015.

Secretary _____ Date _____

STATE OF FLORIDA
COUNTY OF _____

Sworn to before me this _____ day of _____, 2016.

_____, Notary Public for the State of Florida

My commission expires: _____

Type of Identification Produced: _____