

**BYLAWS OF SAN MARCOS HIGH SCHOOL PARENT-TEACHER  
ORGANIZATION**

**a California Nonprofit Public Benefit Corporation**

**ARTICLE I – NAME**

The official name of this corporation shall be **San Marcos High School Parent Teacher Organization**, herein known as SMHS PTO.

**ARTICLE II – OFFICES**

**SECTION 2.01. PRINCIPAL OFFICE**

The principal office for the transaction of the activities and affairs of the corporation ("principal office") is located at 1615 West San Marcos Blvd. in the City of San Marcos, County of San Diego, State of California. The Executive Board of Directors ("the Executive Board") may change the principal office from one location to another. Any change of location of the principal office shall be noted by the Secretary on these Bylaws opposite this section, or this section may be amended to state the new location.

**SECTION 2.02. OTHER OFFICES**

The Executive Board may establish branch or subordinate offices at any place or place where the corporation is qualified to conduct its activities.

**ARTICLE III - PURPOSE AND POLICIES**

**SECTION 2.01. PURPOSE**

The San Marcos High School Parent Teacher Organization (PTO) consists of volunteers who coordinate events, recruit volunteers, and raise funds to support the multiple ongoing programs at San Marcos High School. This corporation aims to enrich the educational experience of all San Marcos High School students by providing opportunities not funded by San Marcos Unified School District educational programs under all applicable laws, rules and regulations for nonprofit, public benefit corporations.

Additionally, the purpose of this organization is to enhance the community of students, families and staff. This organization is organized exclusively for charitable and education purposes within Section 501 (c) 3 of the Internal Revenue Code. Notwithstanding any other provision of these articles, the organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from Federal income tax under section 501 (c) 3 of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

### SECTION 3.02 POLICIES

The SMHS PTO recognizes the responsibility to make decisions in the best interest of the school programs.

1. The SMHS PTO will cooperate with other organizations within San Marcos High School. Persons representing the SMHS PTO in such matters shall make no commitments that bind the SMHS PTO unless approved by a majority vote of the Executive Board.
2. The SMHS PTO will operate in a manner consistent with SMUSD District guidelines and SMHS policies.
3. When possible and practical, written guidelines should be created and maintained for all regular duties of the SMHS PTO, such as, but not limited to, guidelines for the planning and execution of major fundraising events. These guidelines aim to facilitate the smooth and complete retention and transition of information.
4. Only the President, Vice President and Treasurer are allowed to sign contracts.
5. The organization is organized under the California Nonprofit Public Benefit Corporation Law for charitable and public purposes exclusively for the charitable, scientific, literary or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code (hereinafter "Internal Revenue Code").
6. The organization shall be noncommercial, nonsectarian, and nonpartisan.
7. The organization's name shall not be used to endorse or promote a commercial concern in connection with any partisan interest or for any purpose not appropriately related to promoting the organization's objects.

8. The organization shall not, directly or indirectly, participate or intervene (in any way, including the publishing or distributing of statements) in any political campaign on behalf of, or in opposition to, any candidate for public office or devote more than an insubstantial part of its activities in attempting to influence legislation by propaganda or otherwise.
9. Members seeking public office may neither request nor receive SMHS PTO endorsement at any time but may list their SMHS PTO service as part of their qualifications.
10. No part of the net earnings of the organization shall inure to the benefit of or be distributable to its members, directors, trustees, officers, or other private individuals except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes outlined in Article III Section 3.01. hereof.
11. Notwithstanding any other provision of these Bylaws, the organization shall not, except to an insubstantial degree, carry on any other activities not permitted to be carried on (i) by an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law) or (ii) by an organization, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law).

## **ARTICLE IV – MEMBERSHIP**

### **SECTION 4.01. ELIGIBILITY**

Membership in this organization shall be automatic to any parent, step-parent or legal guardian (“parents”) of a current San Marcos High School student. There are no membership fees or dues.

### **SECTION 4.02. PRIVILEGES**

The privileges of holding office and chairing a committee shall be limited to members of SMHS PTO. The privileges of introducing motions and voting on said motions shall be

limited to the Executive Board of Directors. Other persons may speak at the discretion of the presiding officer(s) or most members present.

## **ARTICLE V – MEETINGS**

SMHS PTO general meetings will be held monthly at a date and time designated by the officers.

1. With the consent of the majority of the Executive Board, the President will have the power to change the meeting date or eliminate a meeting entirely.
2. Special meetings and Executive Board meetings can be held at the call of the President.
3. General membership meetings of SMHS PTO shall be held at least twice each school year. At the first general meeting, the budget for the school year will be presented to the members. At the last general meeting, the slate of SMHS PTO officers will be presented and approved for the following year; an accounting review of all SMHS PTO funds received and expended for that year; and a proposed preliminary budget for the following school year will be presented.
4. As revised, the rules contained in the current edition of Robert’s Rules of Order shall govern as the parliamentary authority in all matters to which they apply and in which they are not inconsistent with the herein Bylaws.

## **ARTICLE VI- EXECUTIVE BOARD AND OFFICERS**

### SECTION 6.01. EXECUTIVE BOARD MEMBERS AND SELECTION

1. Authorized Board Members. The Executive Board members are the officers of the corporation: President, Vice President, Treasurer, Secretary, Vice President of Communications, Vice President of Fundraising, Vice President of Hospitality, Vice President of Volunteer Coordination, Vice President of Communications, and Vice President of Events. Executive Board members must be current members of the SMHS PTO. All Board positions may be shared and titled “Co-“.
2. Selection. The Board shall be selected as follows:

- a. Initial Board Members. The initial Board members shall be the incorporator(s) named in the corporation's Articles of Incorporation.
- b. Subsequent Board Members. At the expiration or earlier termination of the terms of office of the initial Executive Board Members, their successors shall be chosen by a majority vote of the SMHS PTO members as described in Article VI Section 6.04 of these Bylaws.

#### SECTION 6.02. EXECUTIVE BOARD POWERS AND DUTIES

1. Powers.
  - a. The Executive Board shall have the authority to create Committees.
  - b. The Executive Board will have the power in intervals between meetings to transact all business not otherwise provided for in the Bylaws or delegated to a special committee, except that of modifying any action by the SMHS PTO. A majority vote of Executive Board Members participating in an Executive Board meeting will be necessary to decide on a matter.
2. Duties.
  - a. Executive Board members shall attend all regularly scheduled meetings of the SMHS PTO or ensure that information regarding their current responsibilities is available for presentation if they cannot attend.
  - b. The Executive Board shall prepare an annual budget for the upcoming fiscal year and submit it to the membership for adoption at the annual meeting.
  - c. When an Executive Board officer leaves office, they are expected to retain responsibility for their duties until they successfully transition to the incoming officer for their respective position. The outgoing officer retains the right to oversee all duties for up to six months after leaving office.

#### SECTION 6.03 TERM AND VACANCIES

1. Term. The Executive Board term of office is one year or until a successor has been duly elected or appointed.
2. Vacancies.
  - a. Resignation. In the event of the resignation of an Executive Board officer, a letter of resignation must be sent to the President from the resigning officer.

- b. Impeachment. An Executive Board member may be impeached by the Executive Board if the officer: fails to uphold duties as an officer, disgraces the organization, or abuses authority. If an officer is impeached from an office, he or she cannot hold any future position on the Executive Board. Impeachment is executed by a simple majority vote of the remainder of the board, excluding the officer.
- c. Special Election. In the event of a resignation or other loss of an Executive Board member during the term of office, the President shall call a special election. The nomination and election process shall be immediately initiated per the election procedure outlined in these Bylaws.

SECTION 6.04. ANNUAL ELECTION OF OFFICERS THAT  
COMPRISE THE EXECUTIVE BOARD

1. At the May meeting, the SMHS PTO members shall be notified that elections will be held for the Executive Board for the following year at the Annual Meeting in June.
2. At the May meeting, the Executive Board shall present its slate of nominees and/or vacant positions to the membership in attendance. Candidates not on the slate shall be allowed to nominate from the floor. All nominations may be accepted in person or via email by the day before the Annual Meeting held in June.
3. After receiving all nominations, the candidates will be introduced and allowed to speak before the membership if desired.
4. All SMHS PTO members in attendance are eligible to vote. If there is only one nominee for each office, the election may be by voice vote. If there is more than one nominee for any office, the vote must be by ballot.
5. If needed, ballots will be made available. Ballots will be counted by two general body members not nominated. The highest number of votes cast shall determine the winners. The results will be read aloud and entered into the meeting minutes.
6. After the last meeting, the President may choose a time to hold a Planning/Retreat with the New Board before the beginning of the school year. This will be the time to review the previous year's progress and establish goals for the coming year. Outgoing officers should pass on all pertinent books, records, and information to the incoming board members.

## SECTION 6.05. RESPONSIBILITIES OF OFFICERS

### 1. President.

- a. Conduct the SMHS PTO meetings.
- b. Put motions on the floor to be voted on.
- c. Prepare an agenda for SMHS PTO meetings.
- d. Is an ex-officio member of all committees, excluding nominating committees.
- e. Review the bank account statements and the Treasurer's report for accuracy and completeness.
- f. Serve as liaison to SMHS social worker(s).

### 2. Vice President.

- a. Shall act as an aid to the President.
- b. Perform the duties of the President in the absence or inability to serve.
- c. Oversee the committee system and perform such other duties as may be necessary to serve the purpose of the SMHS PTO.
- d. Oversees the annual revision of the SMHS PTO Bylaws with a Bylaws Committee.
- e. Attend monthly PAC meetings and prepares a report to update the Board.

### 3. Treasurer.

- a. Is responsible for the maintenance of the financial records.
- b. Verifies funds.
- c. Makes deposits within one week of receiving money.
- d. Makes disbursements per the monetary policies outlined in Article VII.
- e. Presents a written financial report at every meeting of the SMHS PTO and as requested by the Executive Board of the SMHS PTO.
- f. Maintains a record of all reports.
- g. Keeps all itemized receipts and records for 7 years, except those requested at SMHS PTO meetings, to be kept permanently.
- h. Closes the books on June 30th of each year.
- i. The treasurer's report will go to the Executive Board 24 hours before the SMHS PTO meeting.
- j. The Treasurer shall submit a yearly budget at the school year's first meeting and close the books on the last day of June.

- k. The Treasurer shall be responsible for completing IRS tax returns and submitting them by IRS published deadline. Treasurer may work with an outside tax consultant to complete returns, provided the consultancy fee is included in the approved annual budget.
  - l. The Treasurer shall update 501(3)(c) status yearly and submit any required documentation to government agencies.
  - m. The Treasurer shall be responsible for updating insurance yearly.
4. Secretary.
- a. Previous meeting minutes will go out to the Executive Board within one week of the SMHS PTO meeting.
  - b. The Secretary shall keep an accurate record of the proceedings of all SMHS PTO meetings and will email them to the Board promptly. The minimum requirements for meeting notes are:
    - i. Type of meeting
    - ii. Date, time and place of meeting
    - iii. Treasurer's report – Available at the beginning of the meeting with previous meeting minutes.
    - iv. Record any items that are voted on, who motioned 1<sup>st</sup>, 2<sup>nd</sup> and the outcome of the vote
    - v. Time of adjournment
  - c. The Secretary is to be prepared to refer to the minutes of the previous meetings.
5. Vice President – Fundraising.
- a. Develop and bring fundraising ideas to the President and then present them to the Board for approval.
  - b. Identify strategies and coordinate the execution of each fundraising activity.
  - c. Serve as the chair of their respective fundraising activities unless another chair is specified.
  - d. Responsible for proper training of chairs and ensuring that the chairs operate within the school and district guidelines and the Bylaws of the SMHS PTO.
  - e. Have an approved working budget that will allow the payment of up-front costs, such as deposits and is responsible for communicating with the Treasurer for



support. This budget allows fundraising to run programs effectively when upfront costs are involved.

- f. Provide monthly updates at the Board meetings for ongoing programs.
  - g. Provide more frequent updates to the President between meeting times as information surfaces (i.e. contract negotiations, purchasing, etc.).
  - h. Coordinate monetary procedures with the Treasurer and within the SMHS PTO Bylaws.
6. Vice President – Communications.
- a. Responsible for all SMHS PTO communication.
  - b. Update all social media accounts regularly, maintain and update the web store, and post all updates to the SMHS PTO website.
  - c. Post meeting dates and minutes to SMHS PTO minutes to SMHS PTO website monthly.
  - d. Update Executive Board members/Officers on the SMHS PTO website annually in July.
7. Vice President – Hospitality.
- a. Plan for and execute all on-campus events in which the SMHS PTO wishes to extend hospitality to the public, SMHS staff or students, including Welcome Back for Teachers and Staff, Back to School Night, Teacher Appreciation, etc.
  - b. Have an approved working budget that will allow the payment of up-front costs, such as deposits and is responsible for communicating with the Treasurer for support. This budget allows hospitality to run programs effectively when upfront costs are involved.
  - c. Provide monthly updates at the Board meetings for ongoing programs.
8. Vice President – Volunteer Coordination.
- a. Solicit and secure all volunteers needed for any SMHS PTO-related event or any event where the Principal or ASB director is seeking volunteers.
  - b. Maintain a current list of volunteers, including contact information.
9. Vice President – Events
- a. Oversee, plan and execute the PTO-sponsored events for the current school year.

## SECTION 6.06. ADDITIONAL POSITIONS

Additional Executive Board positions may be created by a majority vote of the SMHS PTO Members. The nomination and election process will be immediately initiated to fill the position, per the election procedure outlined in these Bylaws.

The Principal and/or Principal representative will be an advisor at all Board meetings. They do not have voting power.

#### SECTION 6.07. ATTENDANCE REQUIREMENTS

If an Executive Board member misses three consecutive regularly scheduled meetings of the SMHS PTO, they will forfeit their position. The nomination and election process will be immediately initiated to fill the position, per the election procedure outlined in these Bylaws.

### **ARTICLE VII – VOTING PROCEDURES**

1. All Executive Board votes require a simple majority to pass, except email votes. Any action required or permitted by the Board of Directors may be taken without (or outside of) a meeting (including email votes) if all board members consent in writing to that action, individually or collectively. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent or consent shall be filed with the minutes of the board proceedings.
2. Members shall have at least twenty-four (24) hours to cast their votes.
3. A quorum of two-thirds (2/3) is required for voting, and the vote shall be recorded in the minutes of the next meeting. These voting procedures apply to topics voted on by the executive board, including transacting business (Article VI Section 6.02 1.b.), impeachment of an Officer (Article VI Section 6.03 2.b.), and budget over-runs (Article VIII Section. 8.02 1.b.). Shared Executive Board positions will each cast their vote.
4. Regular Meeting voting by the membership must be held in person. No proxy voting will be allowed.
5. All regular meeting votes require a simple majority of those SMHS PTO members in attendance to pass. The vote shall be recorded in the minutes. These voting procedures apply to topics voted on by the members, including election of the

- Officers/Executive Board (Article VI Section 6.04), approval of a budget (Article VI Section 6.02 2.b. & Article VIII Section 8.01 3.), special election of Officers/Executive Board members (Article Section 6.03 2.c.), addition of Board positions (Article VI Section 6.06) and amendment of Bylaws (Article XI).
6. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action is approved by at least a majority of the required quorum for that meeting.

## **ARTICLE VIII – MONETARY POLICIES**

### SECTION 8.01 – GENERAL

1. The SMHS PTO Fiscal Year is from July 1 to June 30.
2. SMHS PTO funds are intended to benefit all students by enhancing programs and activities. The SMHS PTO officers are the guardians of these funds and must see that they are protected and used wisely. Everyone must follow these policies in accordance with SMHS PTO Bylaws.
3. The proposed SMHS PTO budget is introduced in May and voted for approval at the August meeting.

### SECTION 8.02 - BUDGETED PURCHASES AND REIMBURSEMENTS

1. Budgeted Purchases.
  - a. A request for purchases of goods/services shall be submitted via paper or email to the SMHS PTO Treasurer and SMHS PTO President of the SMHS PTO Board promptly before the purchase. The request must be approved by two SMHS PTO Board members. SMHS PTO Treasurer will disburse funds within a week of this approval.
  - b. Money raised by this organization shall be spent as specified in the approved budget. If a revision or over-run is warranted, it needs to be approved by a Majority Vote of the Board. Such changes must be approved before any money is spent.

- c. During the monthly meetings, the use of any budgeted funds must be reviewed, and any changes or overages must be presented and approved. If necessary, email can be used to communicate the intention between meetings.
2. Reimbursements.
    - a. For SMHS PTO funds to be disbursed (for reimbursement or to initiate a payment to an external company), a reimbursement/payment request must be made via paper request or email and include the Payee information, budget line item/department, and an invoice, receipt or order information.
    - b. Any commitment of funds that does not follow these policies is the personal responsibility of the initiator.
    - c. All reimbursements require a receipt. There can only be reimbursement of costs with an actual paid receipt or a bank statement.
    - d. All disbursements within the approved budget require two Executive Board approvals. Approvals shall most often be from President, Vice President and Treasurer. Approvals must be documented in writing (email or other form).
    - e. The SMHS PTO officer accountable for an event/activity is responsible for collecting and submitting all receipts and completed reimbursement forms (or relevant information) to the SMHS PTO Treasurer within 30 days for reimbursement. The initiator of the refund request should retain a copy of both the receipt and reimbursement form before submitting it for approval. After 30 days, expenditures become a donation to SMHS PTO. The SMHS PTO officer responsible for the budget line item must sign the form before funds are disbursed. This can be completed via email with the President or Treasurer's "approved" message.
    - f. After June 30th, receipts not turned in for reimbursement becomes a donation to SMHS PTO and will not be reimbursed.
    - g. If payment is needed before an event/activity, please contact the Treasurer as early as possible to schedule the payment. Please complete the reimbursement form with approval signatures/emails of the appropriate officer(s). All information and approvals can be submitted via email as an alternative to paper. The payment will only be disbursed with the President or Treasurer's approval.

## SECTION 8.03 – COLLECTION OF FUNDS, CONTRACTS AND DONATIONS

1. Collection of Funds.
  - a. All committees involved in the collection of funds (fundraising, activities, etc.) must have one SMHS PTO Officer to manage the monies and follow these procedures.
  - b. All funds received in cash must be counted by two SMHS PTO officers
  - c. The SMHS PTO officer overseeing the event/activity records the amount processed after the event.
  - d. The Treasurer will make the deposit and report on it during the monthly SMHS PTO meetings.
2. Check Acceptance Policy.
  - a. All checks should be made payable to SMHS PTO.
3. Contracts.
  - a. The SMHS PTO should only enter into written (not verbal) contracts.
  - b. Contracts are valid only when previously approved by SMHS PTO officers and signed by President, VP or Treasurer
  - c. Any other person signing a contract can be held personally liable for the full amount.
  - d. Any potential contracts with persons or companies related to an SMHS PTO officer or committee chair must receive a special review to ensure no conflict of interest exists. After exercising due diligence, the SMHS PTO officers shall determine whether the SMHS PTO could obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
  - e. Independent contractors must fill out and submit a W-9 for IRS purposes; use Form W-9, available at: [www.irs.gov](http://www.irs.gov).
4. Soliciting and Receiving Donations. Certain committees may need to solicit donations in the community in the form of cash or in-kind contributions. As a Federally tax-exempt 501(c)(3) organization, the SMHS PTO has specific responsibilities to donors.
  - a. Donation requests should be submitted to potential donors on SMHS PTO letterhead.

- b. Before requesting a donation, check with all other officers. Care must be taken to refrain from requesting donations from the same company on a repeated/excessive basis during the school year.
- c. Committees who solicit donations are also responsible for producing thank-you notes to donors; those need to be signed by either the SMHS PTO President or Vice President (in addition to or instead of the committee chair who solicited the donation). Depending on the type of donation, specific wording to satisfy IRS requirements may be necessary.

### **ARTICLE IX: CHAIRPERSONS AND COORDINATORS**

Various Chairpersons, Coordinators, and Representatives may be appointed at the Executive Board's discretion to facilitate the SMHS PTO's various activities. Among these are:

- 1. Event Chairpersons. To successfully execute a significant fundraising event or team-building event, various chairpersons can be appointed for specific areas of responsibility, including, but not limited to
  - a. Fund the Realm
  - b. Finals Survival Kits
  - c. Parent Night
  - d. Senior Disney Day
  - e. Graduation
- 2. Coordinators. To successfully execute a significant fundraising event or team-building event, various coordinators can be appointed for specific areas of responsibility, including, but not limited to:
  - a. Social Media
  - b. SMHS PTO website
  - c. Social worker support/food drives

### **ARTICLE X - INDEMNIFICATION AND INSURANCE**

#### SECTION 10.01. INDEMNIFICATION

1. Right of Indemnity. To the full extent permitted by law, this corporation shall indemnify its Directors, officers, employees and other persons described in Section 5238(a) of the California Corporation Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any "proceeding", as that term is used in such Section and including action by or in the right of the corporation because such person is or was a person described by such Section. "Expenses", as used in this Bylaw, shall have the same meaning as in Section 5238(a) of the California Corporation Code.
2. Approval of Indemnity. Upon written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporation Code, the Board shall promptly determine in accordance with Section 5238(e) of the Code whether the applicable standard of conduct outlined in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding for which indemnification is sought is such as to prevent the formation of a quorum of Directors who are not parties to such proceeding, the Board or the attorney or other person rendering services in connection with the defence shall apply to the court in which such proceeding is or was pending to determine whether the applicable standard of conduct outlined in Section 5238(b) or Section 5238(c) has been met.
3. Advancement of Expenses. To the full extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these Bylaws in defending any proceeding covered by these Bylaws shall be advanced by the corporation before the final disposition of the proceeding upon receipt by the corporation of an undertaking by or on behalf of such person that the advance will be repaid unless it is ultimately determined that such person is entitled to be indemnified by the corporation therefore.

## SECTION 10.02. INSURANCE

The corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees and other agents of the corporation against any liability asserted against or incurred by an officer, Director, employee agent in such capacity or arising out of the officer's, Director's, employee's or agent's status as such.

### **ARTICLE XI - AMENDMENTS**

1. Bylaws. These bylaws may be amended at any regular meeting of this organization, by a two-thirds (2/3) vote of those members in attendance, provided the proposed amendment was submitted to the membership in attendance for consideration at the previous regular meeting and a copy of the proposed amendment was posted on-line and made available to all members thirty days before.
2. Articles of Incorporation. The Executive Board Members shall adopt a resolution setting forth any proposed amendment of the Articles of Incorporation, which, if approved by a majority of the Board members, shall be again submitted for a vote at the next regular meeting of the membership.

### **ARTICLE XII: DISSOLUTION PROCEDURE**

Upon the winding up and dissolution of this corporation, after paying or adequately providing for the payment of the debts, obligations and liabilities of the corporation, the remaining assets of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law.)

### **ARTICLE XIII – CONFLICT OF INTEREST POLICY**

#### **SECTION 13.01. PURPOSE**

The purpose of the conflict of interest policy is to protect this tax-exempt organization'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 organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

#### SECTION 13.02. DEFINITIONS

1. Interested Person. Any director, principal officer, or committee member with governing board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. An ownership or investment interest in any entity with which the organization has a transaction or arrangement;
  - b. A compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement; or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization is negotiating a transaction or arrangement. “Compensation” includes direct and indirect remuneration and gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Section 2b, a person with 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 13.03. PROCEDURES

1. Duty to Disclose. In connection with any actual or possible conflict of interest, the interested person must disclose the existence of the financial interest and be allowed to disclose all material facts to the directors and members of committees with governing board-delegated powers who are considering the proposed transaction or arrangement.
2. 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. In contrast,

determining a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide whether a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest.

- a. 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.
- b. If appropriate, the governing board or committee chairperson shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the organization 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.

Suppose a more advantageous transaction or arrangement is not reasonably possible under the circumstances of not producing a conflict of interest. In that case, 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 benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall decide whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy.

- a. Suppose the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest. In that case, it shall inform the member of the basis for such belief and allow the member to explain the alleged failure to disclose.
- b. If, after hearing the member's response and making further investigation as warranted by the circumstances, the governing board or committee determines that the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

SECTION 13.04. RECORDS OF PROCEEDINGS

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

1. 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 or committee's decision on whether a conflict of interest existed.
2. The names of the persons 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 13.05. COMPENSATION

1. A voting member of the governing board who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters about that member's compensation.
2. 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 about that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters or who receives compensation, directly or indirectly, from the organization, individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### SECTION 13.06. ANNUAL STATEMENTS

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

1. Has received a copy of the Conflict of Interest policy;
2. Has read and understood the policy;
3. Has agreed to comply with the policy; and

4. Understands that the organization is charitable and that to maintain its federal tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### SECTION 13.07. PERIODIC REVIEWS

To ensure that the organization operates consistently 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:

1. Whether compensation arrangements and benefits are reasonable are based on competent survey information and are the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the organization'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 an excess benefit transaction.

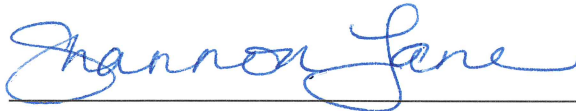
#### SECTION 13.08. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Section 13.07, the organization may, but need not, use outside advisers. If outside experts are used, their use shall not relieve the governing board of its responsibility for conducting periodic reviews.

**CERTIFICATE OF SECRETARY**

I, the undersigned, certify that I am the presently elected and acting Secretary of San Marcos High School PTO, Inc., a California Nonprofit Public Benefit Corporation. The above Bylaws are the Bylaws of this corporation as adopted by a vote of the Executive Board held on August 20th, 2023

Executed August 20th, 2023, at San Marcos, California.



Shannon Lane, Secretary