

By-Laws of Colorado Blue Wave Martial Arts

A Colorado non-profit corporation

ARTICLE I — NAME AND PURPOSE AND NON-DISCRIMINATION POLICY

Section 1 — Name

The name of the Non-Profit Corporation shall be Colorado Blue Wave Martial Arts. It shall be formed under the Colorado Revised Nonprofit Corporation Act.

Section 2 — Purpose: Education

Said Corporation is organized exclusively for the educational purpose of teaching traditional Tae Kwon Do Chung Do Kwan martial arts to Colorado families and individuals, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. The mission of the corporation is to help build independent, focused, and confident individuals and families with healthy bodies, spirits, and minds. Goals include promoting the following benefits of Tae Kwon Do: bully and assault prevention; promoting healthy conflict resolution; promoting the values of the martial arts and Tae Kwon Do Chung Do Kwan; self-discipline; and general health and well-being.

Section 3 — Nondiscrimination

The directors, volunteers, instructors, employees, students, scholarship and grant recipients and persons served by this Corporation shall be selected entirely on a nondiscriminatory basis with respect to race, color, ethnicity, national origin, gender, religion and political affiliation.

Section 4 — Non-political

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 publication or distribution of statements) any political campaign on behalf of any candidate for public office.

ARTICLE II — MEMBERSHIP

Membership shall consist of the board of directors.

ARTICLE III — PRINCIPAL OFFICE

The principal office shall be: 2213 Jewel Street, Longmont, CO 80501, United States. The principal office can be changed by resolution of the Board of Directors.

ARTICLE IV — BOARD OF DIRECTORS

Section 1 — Board role, size, and compensation

The board is responsible for overall policy and direction of the association, and delegates responsibility of day-to-day operations to the instructors. The board shall have five directors: Head Instructor, President, Vice-President, Secretary and Treasurer. The board can allow the Vice-President office to be vacant if necessary. Directors will not be compensated for their services on the board, except for reasonable reimbursement of expenses they incur. Reimbursement for expenses will be voted on at board meetings by the other directors. No person may hold more than one office at a given time.

Section 2 — Board responsibilities

The board is responsible for the financial and physical assets, as well as directing the overall policy.

- Set rates / class locations / regular class dates and times.
- Set overall policies.
- Determine qualifications of instructors.
- Manage finances and prepare annual financial report.
- Set compensation rates for instructors (set by board members excluding the Head-instructor -- See ARTICLE VIII)
- Arrange for payment of instructors.
- Hiring and firing of instructors or volunteers.
- Performance evaluation of instructors and volunteers.
- Purchasing of assets, rentals, and/or real-estate.
- Entering the corporation into contracts, bonds, loans or the like.

Section 3 — Terms

All directors shall serve two-year terms, but are eligible for re-election for as long as they are willing to serve.

Section 4 — Qualifications and roles of directors

Section 4.1 — Qualifications

Directors must be at least 18 years old in accordance with Colorado Law. The Head Instructor must also be currently certified as a 2nd Degree Black Belt from the national organization affiliated with shown in ARTICLE VII. At least three of the directors shall be members of this same national organization. Directors can be volunteer instructors that are not compensated — but only the Head Instructor may be a compensated as an instructor (See ARTICLE VIII).

Section 4.2 — President

The President shall convene regularly scheduled board meetings, shall preside or arrange for other members of the board to preside at each meeting in the following order: Vice-President, Secretary, Treasurer, and Head Instructor. The President is also responsible to submit the annual report to the state of Colorado each year. The President may sign, with the Secretary or any other director thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 4.3 — Vice-President

The Vice-President takes over for the President when necessary. Takes care of tasks delegated by President or Board. Leads Board meeting if the President is not present.

Section 4.4 — Secretary

The Secretary 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. The Secretary shall also provide information on board meetings to students as requested by students or needed in a timely manner.

Section 4.5 — Treasurer

The Treasurer shall make a financial report to the directors at each board meeting. The Treasurer shall assist in the preparation of the annual budget, and make all financial information available to board members in a timely manner. The Treasurer shall also receive from the main instructors and make deposits of students dues, manage the checking account, report to the IRS, and purchase supplies (or reimburse for supplies purchased) for the Corporation. The Treasurer is also responsible for preparing the annual financial report for the annual meeting of directors.

Section 4.6 — Head Instructor

Responsible for coordinating instruction at different classes, and leads instruction at many of the classes. Represents the pool of instructors to the board. May be compensated for instruction time, but can also serve as a volunteer instructor. COBWAMA black belts can start new classes, with permission of Head Instructor, if also approved by the board. The Head Instructor and instructors are responsible for the planning and day-to-day operation of classes, and for the teaching content, as well as the hands on instruction. The Head Instructor is responsible for tracking class information from all classes such as total income and racial composition of students and reporting it to the Board of Directors. The Head Instructor is also a member of the board, but is not permitted to vote on financial matters (such as instructor compensation or student rates). The other members of the board set compensation rates for all instructors including the Head Instructor (see ARTICLE VIII).

Section 4.7 — Registered Agent

The registered agent with the state of Colorado shall consist of one of the board directors as directed by the board.

Section 5 — Vacancies

When a vacancy on the board exists mid-term (through death, resignation, disqualification, removal, or any other reason other than temporary absence or illness) the secretary must receive nominations for new members from present directors two weeks in advance of a board meeting. These nominations shall be sent out to directors with the regular board meeting announcement, to be voted upon at the next board meeting (even if the remaining directors don't constitute a quorum). These vacancies will be filled only to the end of the particular director's term.

Section 6 — Resignation and termination

Resignation from the board must be in writing and received by the Secretary. A director may be removed for any reason by a majority vote of the remaining directors. At least ten (10) days' notice of the proposed removal will be given to the involved director, who will be given an opportunity to be present and to be heard at the meeting at which the removal is considered.

Section 7 -- Reassignment of board positions

At any board meeting the directors can reassign board positions for current board directors as they see fit by a majority vote as long as qualifications are met.

Section 8 -- Signature authority on loans and financial account

President and Treasurer shall be authorized signature authority on the checking account. Loans other than credit card debt for the corporation require the signature of both the Treasurer and President and one additional director. As such the President can take over Treasurer responsibilities in case the Treasurer is unable to do so.

ARTICLE V -- MEETINGS

Section 1 — Meetings and notice

The President shall determine the date, time, and place for board meetings. Board meetings require that each board member have written, verbal, or email notice at least two weeks in advance. The board of directors must meet at least once during a fiscal year. Any director can request that the President set a meeting and the President on this request must arrange for a meeting to take place within the next six weeks of their request.

Section 2 — Annual meeting

The annual meeting shall be held the first quarter of the fiscal year to elect new directors as needed, to approve the budget for the coming year, and to approve the annual financial report of the previous year. Directors will also fulfill the requirements in the conflict-of-interest policy in ARTICLE X.

Section 3 — Quorum

A quorum must be attended by at least three directors for business transactions to take place and motions to pass.

Section 4 — 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 at the next board meeting called by the President.

Section 5 — Voting in person or by proxy

Each director receives one vote in person or by proxy. Any absent director entitled to vote at any meeting of the Board may be represented and may vote at such meeting by a proxy authorized in writing. This proxy must be filed as required by the Colorado Revised Nonprofit Corporation Act. Such written authorization must specify the matter with respect to which the proxy is granted, must be signed and dated by the director granting the proxy, and must be filed with the Secretary of the Corporation.

Section 6 — Participation in Meetings

One or more directors may participate in a meeting of the Board or a committee thereof by means of conference telephone, interactive computer network, or similar communications equipment by means of which all persons participating in the meeting can communicate with each other.

Section 7 — Consent of Directors in Lieu of Meeting

Any action which may be taken at a meeting of the directors may be taken without a meeting, if a quorum of the directors consents in writing or via e-mail, setting forth the action to be taken. The Secretary of the Corporation will keep a record of such actions.

ARTICLE VI — FINANCIAL REPORTING

Section 1 — Annual budget

The board must vote on the annual budget at the annual meeting. The annual budget is public information and shall be made available to students and any member of the public that requests it in a timely manner.

Section 2 — Fiscal year

The fiscal year shall be the calendar year from January 1st to December 31st.

Section 3 — Annual financial report

Annual reports of the fiscal year are required to be submitted to the board at the annual meeting showing income, expenditures, and pending income. The annual financial report of the organization is public information and shall be made available to students and any member of the public that requests it in a timely manner.

ARTICLE VII — ORGANIZATIONAL AFFILIATION

Colorado Blue Wave Martial Arts shall be a member school of Tae Kwon Do Chung Do Kwan Schools (TCS). A change in organizational affiliation can only be made by a majority vote of the directors after consulting the opinion of the current student body. If the board approves a change in affiliation, current students who have paid their dues for the current session must be notified of the change (verbally and in writing).

ARTICLE VIII — COMPENSATION OF INSTRUCTORS

Section 1 — How board sets compensation rates

The board shall set the compensation rates for the instructors of the organization. Directors allowed to vote on compensation rates include all directors except the Head Instructor, any directors compensated as instructor, and any directors who would be compensated under a proposed motion. Compensation rates will be approved by the board before compensation is awarded. Compensation rates will be documented in writing. The board is responsible for ensuring that compensation rates are appropriate.

Section 2 — Volunteer instructors

The corporation encourages students of at least the 1st degree black belt level from the organization in ARTICLE VII to participate in instruction of classes. The board can elect to offer volunteer instructors any or all of the following incentives:

1. Discount of up to 50% on classes.
2. Discount for their family members of up to 50% on classes.
3. Purchase of the uniform required for classes annually (at reasonable cost).

4. A small honorarium representing a small fraction of the instruction time spent.
5. Educational allowance for instructional materials.
6. Any other programs or incentives generally available to students.

The board is responsible for ensuring that incentives to volunteer instructors fulfill the requirements in Section 1.

ARTICLE IX — DETERMINATION OF SCHOLARSHIPS

The board shall be responsible for determining any scholarships or grants that are given out to students of the corporation. Scholarships and grants shall only be for corporation student fees or for black belt certification fees to the organization listed in ARTICLE VII. The organization will make no loans to students. The board is responsible for setting the selection criteria for scholarships and grants, and the amounts and number of scholarships per year. The Head Instructor is responsible for monitoring scholarship recipients and ensuring they follow any requirements set by the board, and reporting any violations to the board. The board can elect to create a scholarship selection committee to determine scholarship recipients, but shall set the selection criteria itself (see ARTICLE XV for creation of committees).

The Head Instructor shall maintain a case history of scholarship or grant recipients. The case history shall include: names, addresses, purpose of award, amount, manner of selection, and relationship to directors or donors.

ARTICLE X — CONFLICTS OF INTEREST

Section 1 — Definitions

For purposes of this Article:

- a. "Conflicting interest transaction" means a contract, transaction, or other financial relationship between the corporation and a Director, or between the corporation and a party related to a Director, or between the corporation and an entity in which a Director is a director or officer or has a financial interest. This includes the situation if the board approves compensation as instructor for one of the board members (See ARTICLE VIII).

- b. "A party related to a Director" means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director, officer, or has a financial interest.
- c. "Inurement" means impermissible private benefit to a Director or a party related to a Director.
- d. "Excess benefit transaction" means a transaction in which an economic benefit is provided by the Corporation, directly or indirectly, to or for the use of a disqualified person, and the value of the economic benefit provided by the Corporation exceeds the value of the consideration received by the Corporation.
- e. "Disqualified person" means any person as defined by section 4946 of the Internal Revenue Code.

Section 2 — Loans

The Corporation shall make no loans to its Directors, instructors, employees, students or volunteers. Any Director who assents to or participates in the making of any such loan in violation of this bylaw shall be liable to the Corporation for the amount of such loan until the repayment thereof.

Section 3 — Conflict of interest transactions

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board members shall decide if a conflict of interest exists. If a conflict is determined to exist, the disinterested Directors will determine whether the proposed arrangement or transaction is in the best interests of the Corporation.

Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies the conflicting interest transaction.

Section 4 — Purchase of supplies

Directors can purchase supplies through the Corporation at the same rate that students of the Corporation can purchase the same supplies.

Section 5 — Annual review

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

- a. Whether compensation arrangements and benefits are reasonable, and the result of arm's length bargaining (see also ARTICLE VIII)
- b. 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 in an excess benefit transaction.

Section 6 — Annual Statements

Each Director shall annually sign a statement which affirms such person:

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

ARTICLE XI — CONFLICTS WITH FEDERAL OR STATE LAW OR WITH ARTICLES OF INCORPORATION

In case any of the Bylaws conflict with the articles of incorporation, the articles of incorporation will have precedence. If any of the Bylaws or Articles of Incorporation conflict with the Federal or state law in governance of non-profit organizations (501(c)3 organizations in Federal Tax Code) the State and then Federal law takes precedence.

ARTICLE XII — AMENDMENTS

Except as provided by the Colorado Revised Nonprofit Corporation Act, these bylaws may be amended when necessary by majority of the Board of Directors at a board meeting. Proposed amendments must be submitted to the Secretary and sent to all Directors in writing or email two weeks before the board meeting where the vote to adopt the amendment is to take place.

ARTICLE XIII — INDEMNIFICATION

The Corporation shall indemnify and advance expenses to a Director, instructor, or volunteer of the Corporation in connection with a proceeding to the fullest extent permitted by the Colorado Nonprofit Corporation Act, as such may be amended or reenacted. With respect to an employee or agent other than a Director of the Corporation, the Corporation may, as determined by the Board of Directors, indemnify and advance expenses to such employee or agent in connection with a proceeding to the extent permitted by the Colorado Nonprofit Corporation Act, as such may be amended or reenacted.

ARTICLE XIV — RECORD-KEEPING AND COMMUNICATIONS

Electronic record-keeping and communications are acceptable for all business between Directors done by the Corporation. The Board of Directors will employ reasonable precautions against loss or destruction of electronic records.

ARTICLE XV — COMMITTEES

Section 1 — Establishment and Powers

The Board may, by resolution adopted by a majority of the Directors, establish one or more committees to consist of members as appointed by the directors. Example committees may be a scholarship selection committee, or a financial committee to propose a budget for approval by the board. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all of the powers and authority of the Board, except that no committee shall:

- Authorize distributions;
- Elect, appoint, or remove any Director;
- Amend the Articles of Incorporation;
- Adopt, amend, or repeal the Bylaws;
- Approve a plan of merger; or
- Approve a sale, lease, exchange, or other disposition of all, or substantially all, of the Corporation's property, with or without goodwill, otherwise than in the usual and regular course of business.

Section 2 — Term

Each member of a committee of the Board shall serve at the pleasure of the Board.

Section 3 — Committee Organization

Except as otherwise provided by the Board, each committee shall be chaired by a Director and shall establish its own operating procedures. Each committee shall keep regular minutes of its proceedings and report the same to the Board at each regular meeting. Each committee shall determine its times and places of meetings.
