

**Bylaws of
Friends of Canaan, Incorporated
May 17, 2010
Article 1
General**

Section 1. Name:

The name of the Corporation is: Friends of Canaan, Inc. (the “Corporation”).

Section 2. Initial Registered Office and Initial Registered Agent:

The principal office of the Corporation is located in Jefferson County, State of Indiana. The initial address of the principal office is 4857 E. 900 N. Madison, IN 47250. The initial registered agent in charge of the initial registered office is Norbert E. Schafer.

Section 3. Other Offices:

The Corporation may also have offices at such other places where it is qualified to do business, as its business and activities may require, and as the Board of Directors may, from time to time, designate.

Section 4. Fiscal Year:

The fiscal year of the Corporation shall begin on the first day of July and end on the last day of June next succeeding year.

**Article 2
Nonprofit Purposes**

Section 1. IRS Section 501(c)(3) Purposes:

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

Section 2. Specific Objectives and Purposes:

The specific objectives and purposes of this Corporation shall be:

- a. To operate establishments such as, but not limited to, charter schools or study centers, that the Corporation or its Board of Directors deem beneficial to the educational enhancement for the people of Jefferson and adjacent County(ies).
- b. To maintain a regularly enrolled student body, an established curriculum and a fulltime faculty;
- c. To maintain a level of education as prescribed by the “No Child Left Behind” law mandated by the Department of Education
- d. To have the normal functions, operations, programs and pursuits incidental to a fully recognized and operational nonprofit center of learning and education.

**Article 3
Board of Directors**

Section 1. Directors:

The affairs of the Corporation shall be managed, controlled, and conducted by, and under the supervision of, the Board of Directors, subject to the provisions of the Articles of Incorporation (the “Articles”) and these Bylaws. The Corporation shall have (5) five – (7)seven Directors and collectively they shall be known as the Board of Directors (the “Board”).

At the regular meeting of the Board of Directors immediately preceding the expiration of the term of any

director, or at a special meeting, the Board of Directors may elect a new director to replace a Director whose term will expire, or has expired, and each such new director shall serve for a term of 2 years, or such other period as prescribed by the directors at the time of such election, and until his or her successor is elected and qualified.

In order to ensure continuity among the directors of the Corporation, the terms of the members of the Board of Directors may be staggered as deemed necessary.

Section 2. Qualifications:

Directors shall be at least 18 years of age. At least one-half of the members of the Board of Directors shall be residents of the Indiana counties where current students at the charter school reside. Full-time employees or spouses of full-time employees shall not be eligible to seek election to the Board.

Section 3. Powers:

Subject to the provisions of the laws of this state and any limitations in the Articles of Incorporation and these Bylaws relating to action required or permitted to be taken, the activities and affairs of this Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors.

Section 4. Duties:

It shall be the duty of the Directors to:

- a. Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation (the "Articles"), or by these Bylaws; specifically, the statutory responsibility, among others, to oversee and provide direction for the executive, fiscal, educational, administrative and management functions of the charter school;
- b. Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the Corporation;
- c. Supervise all officers, agents and employees of the Corporation to assure that their duties are performed properly;
- d. Meet at such times and places as required by these Bylaws;
- e. Register their addresses with the Secretary of the Corporation.

Section 5. Term of Office:

All Board members shall be appointed to two-year terms.

Board members may serve only two consecutive terms. After being off the Board for one year, they will be eligible to be on the Board again.

Section 6. Compensation:

Directors shall serve without compensation.

Section 7. Place Of Meetings:

Meetings shall be held at the principal office(CCA) of the Corporation unless otherwise provided by the Board or at such other place as may be designated from time to time by motion of the Board of Directors.

Section 8. Regular Meetings:

Regular meetings of Directors shall be held at a time and frequency decided by the Board. Meetings shall be open to the public, though the Board retains the right to meet in executive session as needed.

Section 9. Special Meetings:

Special meetings of the Board of Directors may be called by the President or by any two Directors, or by any person(s) specifically authorized under the laws of this state to call special meetings of the Board.

Section 10. Notice of Meetings:

Unless otherwise provided by the Articles of Incorporation, these Bylaws, or provisions of law, the following provisions shall govern the giving of notice for meetings of the Board of Directors:

a. Regular Meetings. Notice will be posted at a designated place for any regular meeting of the Board of Directors and by publication according to the Open Door Law.

b. Executive Session. Oral or written notice of the date, time, and place of each Executive Session of the Board of Directors shall be communicated, delivered, or mailed by the Secretary of the Corporation, or by the person or persons calling the meeting, to each member of the Board of Directors so that such notice is effective at least two (2) business days before the date of the meeting. Notice will be posted at a designated place for any regular meeting of the Board of Directors and by publication according to the Open Door Law.

c. Special Meetings.

Oral or written notice of the date, time, and place of each special meeting of the Board of Directors shall be communicated, delivered, or mailed by the Secretary of the Corporation, or by the person or persons calling the meeting, to each member of the Board of Directors so that such notice is effective at least two (2) business days before the date of the meeting. Notice will be posted at a designated place for any regular meeting of the Board of Directors and by publication according to the Open Door Law.

d. Waiver of Notice. Whenever any notice of a meeting is required to be given to any Director of this Corporation under provisions of the Articles of Incorporation, these Bylaws or the law of this state, a waiver of notice in writing signed by the Director, whether before or after the time of the meeting, shall be equivalent to the giving of such notice.

Section 11. Quorum for Meetings:

A quorum shall consist of the majority of the members of the Board of Directors.

Except as otherwise provided under the Articles of Incorporation, these Bylaws or provisions of law, no business shall be considered by the Board at any meeting at which the required quorum is not present, and the only motion which the presiding officer shall entertain at such meeting is a motion to adjourn.

Section 12. Majority Action as Board Action:

Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Incorporation, these Bylaws or provisions of law require a greater percentage or different voting rules for approval of a matter by the Board.

Section 13. Conduct of Meetings:

Meetings of the Board of Directors shall be presided over by the President of the Corporation or, in his or her absence, by the Vice President of the Corporation or, in the absence of each of these persons, by a Chairperson chosen by a majority of the Directors present at the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the Meeting.

Section 14. Executive Session:

The Board of Directors may meet in executive session for the purposes of discussing confidential information or other matters deemed appropriate as designated by the Open Door Law.

Section 15. Minutes:

The Secretary shall be responsible for recording, publishing, and posting the minutes of all meetings. .

Section 16. Vacancies:

Vacancies on the Board of Directors shall exist on the death, resignation or removal of any Director. Any Director may resign effective upon giving written notice to the President, the Secretary or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the Office of the Attorney General or other appropriate agency of this state. A Director may be removed for cause by a majority of the Directors then in office. Cause shall include, but shall not be limited to:

a. Violations of applicable law, including (but not limited to):

(1) Violations of the Indiana Charter School Law; and

(2) Actions that would jeopardize the tax-exempt status of the Corporation or would subject it to intermediate sanctions under the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws (the "Code"). 4

b. Breach of fiduciary duty, including (but not limited to) a violation of the applicable standard of care under the Articles, these Bylaws, or applicable law.

c. Breach of any governing document relating to the Corporation, including (but not limited to) the Articles, these Bylaws, and the Charter Agreement.

d. Inadequate attendance at meetings of the Board of Directors, defined as absence from 4 (four) consecutive meetings or from at least thirty-three percent (33%) of such meetings within one (1) calendar year.

Unless otherwise prohibited by the Articles of Incorporation, these Bylaws or provisions of law, vacancies on the Board may be filled by approval of the Board of Directors. If the number of Directors then in office is less than a quorum, a vacancy on the Board may be filled by approval of a majority of the Directors then in office or by a sole remaining Director. A person selected to fill a vacancy on the Board shall hold office until the term of the vacating Board member expires.

Section 17. Nonliability of Directors:

The Directors shall not be personally liable for the debts, liabilities or other obligations of the Corporation.

Section 18. Indemnification by Corporation of Directors and Officers:

The Directors and officers of the Corporation shall be indemnified by the Corporation to the fullest extent permissible under the laws of this state.

Section 19. Insurance for Corporate Agents:

Except as may be otherwise provided under provisions of law, the Board of Directors shall adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a Director, officer, employee or other agent of the Corporation) against liabilities asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under the Articles of Incorporation, these Bylaws or provisions of law.

Section 20. Compliance with Indiana Open Door Law:

Notwithstanding any other provision of these Bylaws, the Corporation shall comply in all respects with the Indiana Open Door Law (currently codified at Indiana Code ("IC") section 5-14-1.5-1, et seq.), and any corresponding provision of subsequent Indiana law, in connection with all regular or special meetings of the Board of Directors.

Officers

Section 1. Designation of Officers:

The officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer.

Section 2. Qualifications:

Any Director may serve as an officer of this Corporation but may only hold one office at a time.

Section 3. Election and Term of Office:

The officers of the Corporation shall be elected annually from among and by the Board of Directors no later than its first regular meeting in the new fiscal year. Each officer shall hold office for one fiscal year or until his successor shall have been duly elected. All officers and agents can be removed at any time by the affirmative vote of the majority of the members of the Board of Directors.

Section 4. Removal and Resignation:

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the Corporation.

Section 5. Vacancies:

Any vacancy caused by the death, resignation, removal, disqualification or otherwise, of any officer shall be filled by a majority vote of the Board of Directors. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy.

Section 6. Duties of President:

The President shall supervise and control the affairs of the Corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws or which may be prescribed from time to time by the Board of Directors. The President shall preside at all meetings of the Board of Directors. Except as otherwise expressly provided by law, by the Articles of Incorporation or by these Bylaws, he or she shall, in the name of the Corporation, execute such deeds, mortgages, bonds, contracts, or other instruments which may from time to time be authorized by the Board of Directors.

Section 7. Duties of Vice President:

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation or by these Bylaws or as may be prescribed by the Board of Directors.

Section 8. Duties of Secretary:

The Secretary shall:

Certify and keep at the principal office of the Corporation the original, or a copy, of these Bylaws as amended or otherwise altered to date.

Keep at the principal office of the Corporation or at such other place as the Board may determine, a book of minutes of all meetings of the Directors, and, if applicable, meetings of committees of Directors, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. Be custodian of the records and of the seal of the Corporation and affix the seal, as authorized by law or the provisions of these Bylaws, to duly executed documents of the Corporation except those as described in "Section 6. Duties of President" or in "Section 9. Duties of Treasurer".

Exhibit at all reasonable times to any Director of the Corporation, or to his or her agent or attorney, on request therefore, the Bylaws, and the minutes of the proceedings of the Directors of the Corporation. In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation or by these Bylaws or which may be assigned to him or her from time to time by the Board of Directors.

Section 9. Duties Of Treasurer:

The Treasurer shall prepare and maintain correct and complete records of account showing accurately the financial condition of the Corporation. All notes, securities, and other assets coming into the possession of the Corporation shall be received, accounted for, and placed in safekeeping as the Treasurer may from time to time prescribe. The Treasurer shall furnish, whenever requested by the Board of Directors or the President, a statement of the financial condition of the Corporation and shall perform the duties usual to such position and such other duties as the Board of Directors or the President may prescribe.

Section 10. Compensation:

There will be no compensation for the Directors or Officers.

Article 5 Committees

Section 1. Meetings and Action of Committees:

Meetings and action of committees shall be governed by the Board of Directors. The Board of Directors may also adopt policies, rules and regulations pertaining to the conduct of meetings of committees.

Section 2. Executive Committee:

The Board of Directors shall designate an Executive Committee which, to the extent provided by applicable law, shall have and exercise all of the authority of the Board of Directors in the management of the Corporation's affairs during intervals between the meetings of the Board of Directors. All five (5) Directors will be informed of any urgent business in the intervals between meetings and a consensus of three (3) of the five (5) Directors will prevail as the Executive Committee. Decisions will be confirmed at a regularly scheduled Board meeting.

Section 3. Advisory Team:

The Board of Directors may establish an Advisory Team and delegate certain functions and responsibilities to this group. This Advisory Team would have legal status under Indiana's corporate statutes regarding committee participation in corporate governance. However, any actions or recommendations from the Advisory Team must be confirmed at the regularly scheduled Board meeting.

Section 4. Parent-Teacher Organization:

Upon approval of the Board of Directors, there shall be established a Parent-Teacher Organization (PTO).

The PTO shall be considered a standing committee within the organization. This committee shall elect its own officers and will be directly under the Board of Directors. The Board of Directors shall appoint an initial chairperson to organize the group. The PTO shall elect officers at annual elections, the first of which shall occur not more than three months after approval for establishment. The PTO will consist of parents, teachers, and community members who are interested in working to further the goals of the Corporation. .

Article 6 Conflicts of Interest

Section 1. General Policy:

It is the policy of the Corporation and its Board of Directors that the Corporation's directors, officers, and employees carry out their respective duties in a fashion that avoids actual, potential, or perceived conflicts of interest. The Corporation's directors, officers, and employees shall have the continuing, affirmative duty to report any personal ownership, interest, or other relationship that might affect their ability to exercise impartial, ethical, and business-based judgments in fulfilling their responsibilities to the Corporation. This policy shall be further subject to the following principles:

(a) Directors, officers, and employees of the Corporation shall conduct their duties with respect to potential and actual grantees, contractors, suppliers, agencies, and other persons transacting or seeking to transact business with the Corporation in a completely impartial manner, without favor or preference based upon any consideration other than the best interests of the Corporation.

(b) Directors, officers, and employees of the Corporation shall not seek or accept for themselves or any of their relatives (including spouses, ancestors, and descendants, whether by whole or half blood), from any person or business entity that transacts or seeks to transact business with the Corporation, any gifts, entertainment, or other favors relating to their positions with the Corporation that exceed common courtesies consistent with ethical and accepted business practices.

(c) If a director, or a director's relative, directly or indirectly owns a significant financial interest in, or is employed by, any business entity that transacts or seeks to transact business with the Corporation, the director shall disclose that interest or position and shall refrain from voting on any issue pertaining to the transaction.

(d) Officers and employees of the Corporation shall not conduct business on behalf of the Corporation with a relative or a business entity in which the officer, employee, or his or her relative owns a significant financial interest or by which such officer, employee, or relative is employed, except where such dealings have been disclosed to, and specifically approved and authorized by, the Board of Directors of the Corporation.

(e) The Board of Directors may require the Corporation's directors, officers, or employees to

complete annually (or as otherwise scheduled by the Board) a disclosure statement regarding any actual or potential conflict of interest described in these Bylaws. The disclosure statement shall be in such form as may be prescribed by the Board and may include information regarding a person's participation as a director, trustee, officer, or employee of any other nonprofit organization. The Board of Directors shall be responsible for oversight of all disclosures or failures to disclose and for taking appropriate action in the case of any actual or potential conflict of interest transaction.

Section 2. Effect of Conflict Provisions:

The failure of the Corporation, its Board of Directors, or any or all of its directors, officers, or employees to comply with the conflict of interest provisions of these Bylaws shall not invalidate, cancel, or void any contract, relationship, action, transaction, debt, commitment, or obligation of the Corporation that otherwise is valid and enforceable under applicable law.

ARTICLE 7 Indemnification

Section 1. Indemnification by the Corporation:

To the extent not inconsistent with applicable law, every person (and the heirs and personal representatives of such person) who is or was a director, officer, employee, or agent of the Corporation shall be indemnified by the Corporation against all liability and reasonable expense that may be incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding

(a) if such person is wholly successful with respect thereto or

(b) if not wholly successful, then if such person is determined (as provided in Section 3 of this Article 7) to have acted in good faith, in what he or she reasonably believed to be the best interests of the Corporation (or, in any case not involving the person's official capacity with the Corporation, in what he or she reasonably believed to be not opposed to the best interests of the Corporation), and, with respect to any criminal action or proceeding, is determined to have had reasonable cause to believe that his or her conduct was lawful (or no reasonable cause to believe that the conduct was unlawful). The termination of any claim, action, suit, or proceeding by judgment, settlement (whether with or without court approval), or conviction, or upon a plea of guilty or of nolo contendere or its equivalent, shall not create a presumption that a person did not meet the standards of conduct set forth in this Article 7.

Section 2. Definitions:

(a) As used in this Article 7, the phrase "claim, action, suit, or proceeding" shall include any threatened, pending, or completed claim; civil, criminal, administrative, or investigative action, suit, or proceeding and all appeals thereof (whether brought by or on behalf of the Corporation, any other corporation, or otherwise), whether formal or informal, in which a person (or his or her heirs or personal representatives) may become involved, as a party or otherwise:

(i) By reason of his or her being or having been a director, officer, employee, or agent of the Corporation or of any corporation where he or she served as such at the request of the Corporation, or:

(ii) By reason of his or her acting or having acted in any capacity in a corporation, partnership, joint venture, association, trust, or other organization or entity where he or she served as such at the request of the Corporation, or

(iii) By reason of any action taken or not taken by him or her in any such capacity, whether or not he or she continues in such capacity at the time such liability or expense shall have been incurred.

(b) As used in this Article 7, the terms "liability" and "expense" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines, or penalties against, and amounts paid in settlement by or on

(c) As used in this Article 7, the term "wholly successful" shall mean

(i) termination of any action, suit, or proceeding against the person in question without any finding of liability or guilt against him or her,

(ii) approval by a court, with knowledge of the indemnity provided in this Article 7, of a settlement of any action, suit, or proceeding, or (iii) the expiration of a reasonable period of time after the making of any claim or threat of any action, suit, or proceeding without the institution of the same, without any payment or promise made to induce a settlement.

Section 3. Entitlement to Indemnification:

Every person claiming indemnification under this Article 7 (other than one who has been wholly successful with respect to any claim, action, suit, or proceeding) shall be entitled to indemnification if

(a) special independent legal counsel, which may be regular counsel of the Corporation or any other disinterested person or persons, in either case selected by the Board of Directors, whether or not a disinterested quorum exists (such counsel or person or persons being hereinafter called the "referee"), shall deliver to the Corporation a written finding that such person has met the standards of conduct set forth in Section 1 of this Article 7 and

(b) the Board of Directors, acting upon such written finding, so determines. The person claiming indemnification shall, if requested, appear before the referee and answer questions that the referee deems relevant and shall be given ample opportunity to present to the referee evidence upon which he or she relies for indemnification. The Corporation shall, at the request of the referee, make available facts, opinions, or other evidence in any way relevant to the referee's findings that are within the possession or control of the Corporation.

Section 4. Relationship to Other Rights:

The right of indemnification provided in this Article 7 shall be in addition to any rights to which any person may otherwise be entitled.

Irrespective of the provisions of this Article 7, the Board of Directors may, at any time and from time to time, approve indemnification of directors, officers, employees, agents, or other persons to the fullest extent permitted by applicable law, or, if not permitted, then to any extent not prohibited by such law, whether on account of past or future transactions.

Section 5. Advancement of Expenses:

Expenses incurred with respect to any claim, action, suit, or proceeding may be advanced by the Corporation (by action of the Board of Directors, whether or not a disinterested quorum exists) prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount unless he or she is entitled to indemnification.

Section 6. Purchase of Insurance:

The Board of Directors is authorized and empowered to purchase insurance covering the Corporation's liabilities and obligations and insurance protecting the Corporation's directors, officers, employees, agents, or other persons.

Article 8

Execution of Instruments, Deposits and Funds

Section 1. Execution of Instruments:

The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 2. Checks and Notes:

Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money and other evidence of indebtedness of the Corporation shall be signed by the Treasurer and countersigned by another officer of the Corporation.

Section 3. Deposits:

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 4. Gifts:

The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, grant, fund or devise for the nonprofit purposes of this Corporation.

Article 9

Corporate Records, Reports, and Seal

Section 1. Maintenance of Corporate Records:

The Corporation shall keep at its principal office:

- a. Minutes of all meetings of Directors, and committees of the Board indicating the time and place of holding such meetings, whether regular or special, how called, the notice given and the names of those present and the proceedings thereof and available to any Director of the Corporation;
- b. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- c.
- c. A copy of the Corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection at all reasonable times during office hours.

Section 2. Corporate Seal:

The Board of Directors may adopt, use and at will alter, a corporate seal. Such seal shall be kept at the principal office of the Corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

Section 3. Directors' Inspection Rights:

Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation and shall have such other rights to inspect the books, records and properties of this Corporation as may be required under the Articles of Incorporation, other provisions of these Bylaws and provisions of law.

Section 4. Reserved

Section 5. Right To Copy And Make Extracts:

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection shall include the right to copy and make extracts for a reasonable charge.

Section 6. Periodic Report:

The Board shall cause any annual or periodic report required under law to be prepared and delivered to an office of this state or to the members, if any, of this Corporation, to be so prepared and delivered within the time limits set by law.

Section 7. Indiana Access to Public Records Act:

All requests for information cannot exceed those of the Indiana Access to Public Records Act regarding personnel issues or files not allowed under law.

Article 10

IRC 501(c)(3) Tax Exemption Provisions

Section 1. Limitations on Activities:

No substantial part of the activities of this Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Internal Revenue Code), and this Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these Bylaws, this Corporation shall not carry on any activities not permitted to be carried on (a) by a Corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a Corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Section 2. Prohibition Against Private Inurement:

No part of the net earnings of this Corporation shall inure to the benefit of, or be distributable to, its Directors or trustees, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this Corporation.

Section 3. Distribution of Assets:

In accordance with IC 20-5.5-3-3.1, upon dissolution of the Corporation, following the retirement of all accounts payable, all remaining assets of the corporation shall be distributed to: 1) Any funds received from the Indiana Department of Education shall be returned to the department not more than thirty days following dissolution 2) Remaining funds will be go to another tax-exempt nonprofit organization under section 501(c)3 of the Internal Revenue Code, with similar goals to Friends of Canaan, Incorporated. These remaining funds should be used for the benefit of the youth in the northeastern portion of Jefferson County, Indiana.

Section 4. Private Foundation Requirements and Restrictions:

In any taxable year in which this Corporation is a private foundation as described in Section 509(a) of the Internal Revenue Code, the Corporation 1) shall distribute its income for said period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; 4) shall not make any investments in such manner as to subject the Corporation to tax under Section 4944 of the Internal Revenue Code; and 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

**Article 11
Amendment of Bylaws**

Section 1. Amendments:

Subject to the power of of this Corporation to adopt, amend or repeal the Bylaws of this Corporation and except as may otherwise be specified under provisions of law, these Bylaws, or any of them, may be altered, amended or repealed and new Bylaws adopted by approval of the Board of Directors.

**Article 12
Construction and Terms**

Section 1. Conflict of Bylaws and Articles of Incorporation:

If there is any conflict between the provisions of these Bylaws and the Articles of Incorporation of this Corporation, the provisions of the Articles of Incorporation shall govern.

Should any of the provisions or portions of these Bylaws be held unenforceable or invalid for any reason, the remaining provisions and portions of these Bylaws shall be unaffected by such holding.

All references in these Bylaws to the Articles of Incorporation shall be to the Articles of Incorporation, Articles of Organization, Certificate of Incorporation, Organizational Charter, Corporate Charter or other founding document of this Corporation filed with an office of this state and used to establish the legal existence of this Corporation.

All references in these Bylaws to a section or sections of the Internal Revenue Code shall be to such

sections of the Internal Revenue Code of 1986 as amended from time to time, or to corresponding provisions of any future federal tax code.

ADOPTION OF BYLAWS

We, the undersigned, as the initial directors of Friends of Canaan, Inc., consent to, and hereby do adopt the foregoing Bylaws as the Bylaws of this Corporation.

Dated: May 7, 2012

Barry Smith

Barry Smith

Stacy Hardesty Gray

Stacy Hardesty Gray

Dean Adams

Dean Adams

Richard Clark

Richard Clark

C. Terry Rowlett

C. Terry Rowlett

Gale Ferris, Sr.

Gale Ferris, Sr.

Candi Risk

Candi Risk