

***BY-LAWS OF***

***HANDMADE ARCADE***

***A PENNSYLVANIA NONPROFIT CORPORATION***

***Adopted on March 15, 2015***

Handmade Arcade provides grassroots, independent craft-based artists with opportunities to show, share and sell their handmade products; serves as a vital alternative to traditional craft and fine-art fairs in the region; connects the local indie-craft community with the national DIY movement; and offers engaging and educational opportunities for the public of all ages to participate in craft-based arts.

**ARTICLE I  
INTRODUCTION**

**Section 1.1. Name.** The name of this corporation shall be Handmade Arcade (“Handmade Arcade”). Handmade Arcade is a nonprofit corporation incorporated under the laws of the Commonwealth of Pennsylvania.

**Section 1.2. Purposes.** This Pennsylvania nonprofit corporation is organized exclusively for charitable, educational, and scientific purposes as defined in Section 501(c)(3) of the Internal Revenue Code. These purposes are to provide grassroots, independent craft-based artists with opportunities to show, share and offer their handmade products; connect the local indie-craft community with the national DIY movement; and offer engaging and educational opportunities for the public of all ages to participate in craft-based arts.

**ARTICLE II  
OFFICES**

**Section 1.1. Principal Office.** The principal office of the corporation shall be located at 3850 Brownsville Road, Pittsburgh, PA 15227.

**Section 2.2 Other Offices.** The corporation may have offices at such other places, either within or without the Commonwealth of Pennsylvania, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

**ARTICLE III  
MEMBERS**

**Section 3.1 No Members.** The corporation shall operate and carry out its nonprofit purposes without having any members of the corporation.

**ARTICLE IV  
BOARD OF DIRECTORS**

**Section 4.1. General Powers.** The Board shall exercise all powers and authority necessary to the advancement and fulfillment of its purposes and granted to the corporation by the Commonwealth and Federal law.

**Section 4.2. Number and Qualifications.** The number of directors constituting the Board of Directors shall be a minimum of five and a maximum of fifteen. Board members must have a deep commitment to the mission of the corporation.

**Section 4.3. Terms of Board Members.** Directors shall be elected for a lifetime term. Board membership may terminate prior to expiration of the term due to the following events:

- a) The resignation or death of the director.

- b) Termination of the director's board membership by the Board.

**Section 4.4. Election of Directors.** The initial directors shall be designated by the incorporators. Vacancies on the Board shall be filled by the directors. Each director shall have one vote per vacancy and those persons who receive the highest number of votes shall be deemed to have been elected, provided it is by a majority of votes cast. The election of directors shall be by secret ballot, tallied by the Secretary.

The Board shall select at any time a new member to complete an unexpired term, if deemed necessary to maintain an adequate Board, even if the number of voting members falls below the number necessary for a quorum.

**Section 4.5. Compensation.** No compensation shall be paid to directors for their service as board members. The Board may compensate directors for services rendered or other value received, but only in a reasonable amount and upon terms commensurate with the services actually provided.

**Section 4.6. Removal of Directors.** Any director may be removed by a three-fourths majority vote of Board members in attendance at the meeting, whenever in their judgment the best interests of the corporation will be served. All board members including the director to be removed will be given 30 days notice before the meeting where this action may be taken. The vote to remove a director will be by secret ballot, tallied by the Secretary.

**Section 4.7. Director Responsibilities.** All directors will be required to agree to the conflicts of interest policy and the minimum board requirements which include, but are not limited to the following:

- a) Contribute to fundraising for the corporation through direct financial contributions, support grantseeking and fundraising efforts, volunteer service and/or in-kind donations to the organization.
- b) Ensure the organization's mission matches its activities and set policies for its operation ensuring that the By-Laws and values are followed.
- c) Set the organization's overall priority activities yearly and engage in longer range planning to establish its general course for the future.
- d) Establish fiscal policy with annual budgets, regular financial review and financial controls. The Board of Directors is responsible for the legal and fiduciary affairs of the corporation.
- e) Select, evaluate, and if necessary, terminate the appointment of the Executive Staff with cause.
- f) Champion major activities of the corporation (including, without limitation, the annual craft event), investing leadership, ideas, time, energy and resources.
- g) Assisting with public relations, marketing, social media efforts, and vendor relations.
- h) Attend at least two (2) meetings of the Board of Directors.

**Section 4.8 Standard of Care.** A director shall perform the duties of a director, including duties as a member of any Board committee on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this corporation and with such care, including

reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared by other directors, employees or contractors of the corporation whom the director believes to be reliable and competent as to the matters presented and so long as the director acts in good faith after reasonable inquiry and without knowledge that would cause such reliance to be unwarranted.

#### **Section 4.9 Conflict of Interest Policy.**

- a) **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 a Director or employee of the corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organization. No Director or employee of the corporation should have any personal financial interest in the organization. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing Board or Committee decides that a conflict of interest exists
- b) **Definitions:**
  - i. Interested Person - Any Director, employee or Member of a Committee with governing Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
  - ii. 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 in or compensation arrangement with any entity or individual with which the organization is negotiating a transaction or arrangement.
  - iii. Compensation - includes direct and indirect remuneration as well as gifts or favors that are not substantial.
- c) **Procedures:**
  - i. Duty to Disclose - 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 and Members of Committees with governing Board delegated powers considering the proposed transaction or arrangement.

- ii. 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, s/he shall leave the governing Board or Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall decide if a conflict of interest exists.
- iii. Procedures for Addressing the Conflict of Interest: An interested person may make a presentation at the governing Board or Committee meeting but after the presentation, s/he shall leave the meeting during the discussion of and the vote on the transaction or arrangement involving the possible conflict of interest. The Chairperson of the governing Board or Committee shall, if appropriate, appoint a disinterested person or Committee to investigate alternatives to the proposed transaction or arrangement. 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. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing Board or Committee shall determine by a majority vote (51%) of the disinterested Directors whether the transaction or arrangement is in the organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
- iv. Violations of the Conflicts of Interest Policy: If the governing Board or Committee has reasonable cause to believe a Member has failed to disclose actual or possible conflicts of interest, it shall inform the Member of the basis for such belief and afford the Member an opportunity to explain the alleged failure to disclose. If after hearing the Member's response and after making further investigation as warranted by the circumstances, the governing Board or Committee determines the Member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**d) Compensation:**

- i. A voting member of the governing Board who receives compensation, directly or indirectly from the organization for services is precluded from voting on matters pertaining to that Member's compensation.
- ii. A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that Member's compensation.
- iii. No voting member of the governing Board or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

- e) **Annual Statements:** Each Director, Principal Officer and Member of a Committee with governing Board delegated powers shall annually sign a statement which affirms such person:
- i. Has received a copy of the conflicts of interest policy,
  - ii. Has read and understands the policy,
  - iii. Has agreed to comply with the policy, and
  - iv. Understands the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- f) **Periodic Reviews:** 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, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
- i. Whether compensation arrangements and benefits are reasonable based on competent survey information and the result of arm's length bargaining.
  - ii. 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.
- g) **Use of Outside Experts:** When conducting the periodic reviews as provided above, the organization may, but need not, use the outside advisors. If outside experts are used, their use shall not relieve the governing Board of its responsibility for ensuring periodic reviews are conducted.

**Section 4.10: Whistleblower Protection.** In keeping with the policy of maintaining the highest standards of conduct and ethics, the corporation will investigate any suspected fraudulent or dishonest use or misuse of the corporation's resources or property by Board Members, Staff, Members, Volunteers or Consultants. Board Members, Staff, Members, Volunteers or Consultants are encouraged to report suspected fraudulent or dishonest conduct and are indemnified for such actions.

**Section 4.11: Discrimination.** The corporation shall not discriminate on the basis of ability, age, class, culture, education, ethnicity, familial status, gender, gender identity, immigration status, language, military status, national origin, political affiliation, sex, sexual orientation and socioeconomic status.

**Section 4.12. Working Committees.** The Board may designate, by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present, standing and special committees to assist in the work of the Board as the need arises. Such committees shall not exercise the authority of the Board, but must bring all decisions to the Board for approval. Each committee will include a director as the Chairperson of the Committee and at least one additional director as a committee member. Individuals asked to serve on committees are not required to be directors.

Committees shall keep regular minutes of their proceedings and report the same to the Board when required.

**ARTICLE V**  
**MEETINGS OF DIRECTORS**

**Section 5.1. Regular Meetings.** Unless changed by the Board, regular meetings of the Board shall be held at least twice yearly. The Board shall establish the time and place for its meetings. Regular meetings of the Board may be held without prior notice but prior to each meeting, the Board Officers shall distribute to each member a written agenda, minutes of the previous meeting and any additional information to be discussed at the meeting. A financial report will be provided to the Board at least semi-annually.

**Section 5.2. Special Meetings.** Special meetings may be called by the President or any two directors. The person or persons calling a special meeting shall give notice at least ten days before the meeting by any usual means of communication. Such notice must specify the purpose for which the meeting is called.

**Section 5.3. Waiver of Notice.** Any director may waive notice of any meeting. Whenever any notice is required to be given to any director by law, the charter or these bylaws; a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

If a meeting of directors otherwise valid is held without proper notice action taken at such meeting otherwise valid is deemed ratified by a director who did not attend unless promptly after having knowledge of the action taken and of the impropriety in question he/she files with the secretary or assistant secretary of the corporation his/her written objection to the holding of the meeting or to any specific action so taken.

The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 5.4. Quorum.** A quorum for conducting business shall be 60% of the Board then in office.

**Section 5.5. Manner of Acting.** Except as otherwise provided in these bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Any one or more directors or members of a committee may participate in a meeting of the Board or committee by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other and such participation in a meeting shall be deemed presence in person at such meeting.

**Section 5.6. Presumption of Assent.** A director of the corporation who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his/her contrary vote is recorded or his/her dissent is otherwise entered in the minutes of the meeting or unless he/she shall file his/her written dissent to such action with the

person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by certified mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

**Section 5.7. Action by Written Consent Directors.** Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

## ***ARTICLE VI EXECUTIVE COMMITTEE***

**Section 6.1. Creation.** The Board, by resolution adopted pursuant to these bylaws, may designate four or more directors, of which at least three are officers, to constitute an Executive Committee. This committee, to the extent provided in such resolution, shall have and may exercise all the authority of the Board in the management of the corporation.

**Section 6.2. Vacancies.** Any vacancy occurring in the Executive Committee shall be filled by a majority of the number of directors fixed by these bylaws at a regular or special meeting of the Board.

**Section 6.3. Removal.** Any member of the Executive Committee may be removed at any time with or without cause by a majority of the directors then holding office.

**Section 6.4. Minutes.** The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board when required.

**Section 6.5. Responsibility of Directors.** The designation of an Executive Committee and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility or liability imposed upon it or him/her by law.

Any resolutions adopted or other action taken by any such executive committee within the scope of the authority delegated to it by the Board shall report it to the board to be ratified. Any expenditure outside of the budget must also be ratified.

## ***ARTICLE VII OFFICERS***

**Section 7.1. Officers of the Corporation.** The officers of the corporation shall consist of a President, Vice-President, Secretary, Treasurer, and other officers as the Board may from time to time elect. If any of these officers are unavailable, another director may act as a substitute. Any two or more offices may be held by the same person, and any one office may be held collectively by one or more persons. However, no officer may act in more than one capacity where action of two or more officers is required.

**Section 7.2. Selection of Officers.** Each of the officers of the corporation shall be elected every

three (3) years by secret ballot of the Board and will remain in office until his/her death, resignation, retirement, removal, disqualification or until his/her successor has been selected and qualified. Each officer may serve up to a maximum of two (2) consecutive three (3) year terms (subject to the unanimous consent of the Board) after which they cannot return to the same office for a minimum of two (2) years.

### **Section 7.3. Responsibilities of Officers.**

a) The President shall call and preside at all meetings, and coordinate the activities of the Board. He/she shall sign, along with the Secretary, any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board 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. In general, he/she shall supervise and control all of the business and affairs of the corporation and shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

b) The Vice-President shall assist the President and learn the duties of that office, act in the absence of the President, and undertake such further duties as may be assigned by the Board. It is expected that the Vice President will succeed the President upon expiration of the President's term(s) of office.

c) The Secretary shall: (i) keep and distribute the minutes of all meetings as required by these bylaws; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (iii) handle necessary correspondence of the Board in conjunction with the President, if any; (iv) keep, or cause to be kept, correct and complete corporate documents, records and the seal of the corporation; and (v) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board.

d) The Treasurer shall (i) have charge and custody of and be responsible for all funds and securities of the corporation; (ii) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, except in cases where the signing and execution thereof is expressly delegated by the Board or by these bylaws to some other officer or agent of the corporation; (iii) prepare, or cause to be prepared, a trust statement of the corporation's assets and liabilities as of the close of each calendar year, all in reasonable detail, which statement shall be made and filed at the corporation's registered office or principal place of business within four months after the end of such fiscal year and thereafter kept available for a period of at least six years; (iv) work with outside auditors and accountants as necessary; and (v) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board.

**Section 7.4. Removal of Officers.** Any officer elected or appointed to office may be removed by the Board whenever in its judgment the best interests of the corporation shall be served.

**ARTICLE VIII  
OPERATIONS**

**Section 8.1. Fiscal Year.** The fiscal year of the corporation shall be the calendar year.

**Section 8.2. Managing Staff.** The Board may select and hire a managing staff, including at least an Executive Director, which shall be responsible for the day to day operations of the corporation as directed by the Board. If a managing staff exists, it shall be represented at all Board meetings unless otherwise excused, to report and participate in the discussions, but shall not be voting members of the Board.

**Section 8.3. Contracts.** Any deed, mortgage, contract, note, evidence of indebtedness, proxy or other instrument in writing, or any assignment or endorsement thereof, must be signed by either the President or the Vice President and be attested or countersigned by the Secretary, except in cases where the signing and execution thereof is expressly delegated by the Board or by these bylaws to some other officer or agent of the corporation.

**Section 8.4. Loans.** No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

**Section 8.5. Checks and Drafts.** All checks, drafts or other orders for payment of money, issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board.

**Section 8.6. Deposits.** All funds of the corporation not otherwise employed shall be deposited to the credit of the corporation in such depositories as the Board may select.

**ARTICLE IX  
LIMITED LIABILITY**

**Section 9.1. Limited Liability.** No member of the Board shall be personally liable in any manner whatsoever for debts of the corporation, nor shall the individual property of any director be subject to the payment of the corporation's debts. The corporation shall indemnify any director, officer, employee or volunteer of the corporation to the fullest extent permitted by law against expenses actually incurred by her/him in connection with the defense of any action, suit or proceeding in which she/he is made a party by reason of being or having been such director, officer, employee or volunteer and against any liability incurred or imposed as a consequence of such action, suit or proceeding. Indemnification shall not be available to any director, officer, employee or volunteer in the defense of any action, suit or proceeding in which she/he is adjudged to be liable for gross negligence or willful misconduct in the performance of duty.

**ARTICLE X**

## *AMENDMENTS TO BY LAWS*

**Section 10.1. Permitted Amendments.** The power to alter, amend or repeal the bylaws or adopt new bylaws shall be vested in the Board. Such action shall occur by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board.

**Section 10.2. Prohibited Amendments.** The Board shall have no power to adopt a bylaw: (1) providing for the management of the corporation otherwise than by the Board or by its Executive Committee as allowed by law; (2) decreasing the number of directors to less than five.

## *ARTICLE XI GENERAL*

**Section 11.1. No Political Activity.** 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 or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

**Section 11.2 Dissolution.** At any time, with the assent of the majority of the Board of Directors, the corporation may be wound up and the assets distributed in accordance with Pennsylvania law. Upon such winding up, or in the event of the dissolution or termination of the corporation for any reason, the assets of the corporation shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively for such exempt purposes of such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

In no event shall funds be distributed to an entity that does not qualify as tax-exempt under Section 501(c)(3), Section 170(c), and Section 509(a) of the Code or any corresponding provision of any subsequent federal tax laws.

**Section 11.3. Permitted Activities.** Notwithstanding any other provisions of these bylaws, the corporation shall not carry on any other activity not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code as the same now exists or as it may hereafter be amended.

**Section 11.4. Electronic Transmissions.** Unless otherwise provided in these by laws, and subject to any guidelines and procedures that the Board may adopt from time to time, the terms “written” and “in writing” as used in these by laws include any form of recorded message in the English language capable of comprehension by ordinary vision means, and may include electronic transmissions such as facsimile or email, provided (i) for electronic transmission from the corporation, the corporation has obtained an unrevoked written consent from the recipient to the use of such means of communication; (ii) for electronic transmissions to the corporation, the corporation has in effect reasonable measures to verify that the sender is the individual purporting

to have sent such transmission; and (iii) the transmission creates a record that can be retained, retrieved, reviewed and rendered in to clearly legible form.