

STEPS TO RECOVERY HOMES BYLAWS

ARTICLE I

NAME

1.01 Name

The name of this organization shall be Steps to Recovery Homes. The business of the organization is conducted as Steps to Recovery Homes

1.02 Location

Steps to Recovery Homes is located in Yavapai County, Arizona. Headquarters are located at 516 East State Route 89a, Suite 113, Cottonwood AZ. 86326

ARTICLE II

PURPOSES AND POWERS

2.01 Purpose

Steps to Recovery Homes is a non-profit organization and shall be operated exclusively for educational and charitable purposes within the meaning of Section 501 (c){3} of the Internal Revenue Code of 1986, or the corresponding section of any future Federal tax code.

The purpose of Steps to Recovery Homes is to provide a safe environment, free from any illicit drugs or alcohol, for people with substance abuse issues. We focus on behavior modification and are dedicated to consistency, structure and direction in our homes. The clients we serve are low-income and have lost everything including jobs, houses and family as a result of their substance abuse issues. In addition to substance abuse issues many of our clients are victims of emotional, mental, and physical abuse. We focus on developing appropriate life transforming habits to help these individuals live a more productive life and become valuable members of the community.

Steps to Recovery Homes also operates a local thrift store, warehouse and online sales, Miracles Happen, for the sole purpose of using profits to support the programs, scholarships and expenses of Steps to Recovery Homes. Miracles Happen also provides the clients with work skills and other needs that will facilitate their transition back into the community.

To maximize our impact on current efforts, we may seek to collaborate with other non-profit organizations that fall under the 501(c) (3) section of the Internal Revenue Code and are operated exclusively for educational and charitable purposes.

At times, per the discretion of the board of directors, we may provide internships or volunteer opportunities for involvement in activities and programs in order to have a greater impact for change.

2.02 Powers

The organization shall have the power, directly or indirectly, alone or in conjunction or cooperation with others, to do any and all lawful acts which contribute to charitable purposes, for which the organization is organized, and to aid or assist other organizations or persons whose activities further accomplish, foster, or attain such purposes.

The powers of the organization may include, but not be limited to, the acceptance of contributions from the public and private sectors, whether financial or in-kind contributions.

2.03 Nonprofit Status and Exempt Activities Limitation

(a) Nonprofit Legal Status. Steps to Recovery Homes is an Arizona non-profit public benefit organization, recognized as tax exempt under Section 501(c)(3) of the United States Internal Revenue Code.

(b) Exempt Activities Limitation. Notwithstanding any other provision of these Bylaws, no director, officer, employee, member, or representative of this organization shall take any action or carry on any activity by or on behalf of the organization not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code as it now exists or may be amended, or by any organization contributions to which are deductible under Section 170(c)(2) of such Code and Regulations as it now exists or may be amended. No part of the net earnings of the organization shall inure to the benefit or be distributable to any director, officer, member, or other private person, 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 set forth in the Articles of Incorporation and these Bylaws.

(c) Distribution upon Dissolution. Upon termination or dissolution of the Steps to Recovery Homes, any assets lawfully available for distribution shall be distributed to one (1) or more qualifying organizations described in Section 501(c)(3) of the 1986 Internal Revenue Code (or described in any corresponding provision of any successor statute) which organization or organizations have a charitable purpose which, at least generally, includes a purpose similar to the terminating or dissolving organization.

The organization to receive the assets of the Steps to Recovery Homes hereunder shall be selected in the discretion of a majority of the managing body of the organization, and if its members cannot so agree, then the recipient organization shall be selected pursuant to a verified petition in equity filed in a court of proper jurisdiction against the Steps to Recovery Homes, by one (1) or more of its managing body which verified petition shall contain such statements as reasonably indicate the applicability of this section. The court upon a finding that this section is applicable shall select the qualifying organization or organizations to receive the assets to be distributed, giving preference if practicable to organizations located within the State of Arizona.

In the event that the court shall find that this section is applicable but that there is no qualifying organization known to it which has a charitable purpose, which, at least generally, includes a purpose similar to the Steps to Recovery Homes, then the court shall direct the distribution of its assets lawfully available for distribution to the Treasurer of the State of Arizona to be added to the general fund.

ARTICLE III

BOARD OF DIRECTORS

3.01 Number of Directors

Steps to Recovery Homes shall have a board of directors consisting of at least 7 and no more than 11 directors. Within these limits, the board may increase or decrease the number of directors serving on the board, including for the purpose of staggering the terms of directors.

3.02 Powers

All corporate powers shall be exercised by or under the authority of the board and the affairs of the Steps to Recovery Homes shall be managed under the direction of the board, except as otherwise provided by law. The board has the power to:

(a) Make, approve and enforce all bylaws and policies necessary for the administration and governance of Steps to Recovery Homes.

(b) Employ an Executive Director and determine compensation. Empower the Executive Director to administer the policies of the Board.

(c) Fill any vacancies on the Board of directors or any committee which have the authority of the Board

3.03 Terms

(a) All directors shall be elected to serve a two-year term; however, the term may be extended until a successor has been elected. Board officers shall include board president, vice-president, secretary, and treasurer as defined in Article V.

(b) Officer terms shall be staggered so that no more than half the number of officers will end their terms in any given year.

(c) Each board member may not serve more than (3) consecutive terms of office unless an additional term is requested and is approved by a majority of the board

(d) The term of office shall be considered to begin January 1 and end December 31 of the second year in office. If a board member leaves before the end of his/her term, the replacement board member will serve for the balance of the term of the director being replaced. Each board officer's term of office shall begin upon the adjournment of the board meeting at which elected and shall end upon the adjournment of the board meeting during which a successor is elected.

3.04 Qualifications and Election of Directors

In order to be eligible to serve as a director on the board of directors, the individual must be 18 years of age and must be in agreement with the organization's Mission and Vision. Directors may be elected at any board meeting by the majority vote of the existing board of directors. The election of directors to replace those who have fulfilled their term of office shall take place in January of each year.

3.05 Vacancies

The board of directors may fill vacancies due to the expiration of a director's term of office, resignation, death, or removal of a director or may appoint new directors to fill a previously unfilled board position, subject to the maximum number of directors under these Bylaws.

3.06 Removal of Directors

A director may be removed by two-thirds vote of the board of directors then in office, if:

(a) a director is absent and unexcused from two or more meetings of the board of directors in a twelve-month period. The board president is empowered to excuse directors from attendance for a reason deemed adequate by the board president. The president shall not have the power to excuse him/herself from the board meeting attendance and in that case, the board vice president shall excuse the president. Or:

(b) for cause or no cause, if before any meeting of the board at which a vote on removal will be made the director in question is given electronic or written notification of the board's intention to discuss her/his case and is given the opportunity to be heard at a meeting of the board.

3.07 Board of Directors Meetings

(a) Regular Meetings. The board of directors shall have a minimum of four (4) regular meetings each calendar year at times and places fixed by the board. Board meetings shall be held upon four (4) days' notice by first-class mail, electronic mail, or facsimile transmission or forty-eight (48) hours' notice delivered personally or by telephone. If sent by mail, facsimile transmission, or electronic mail, the notice shall be deemed to be delivered upon its deposit in the mail or transmission system. Notice of meetings shall specify the place, day, and hour of meeting. The purpose of the meeting need not be specified.

(b) Special Meetings. Special meetings of the board may be called by the president, vice president, secretary, treasurer, or any two (2) other directors of the board of directors. A special meeting must be preceded by at least 2 days' notice to each director of the date, time, and place, but not the purpose, of the meeting.

(c) Annual Meeting. The board of directors shall have one (1) annual meeting that occurs in conjunction with the first meeting of the fiscal year held for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. The annual board meeting shall be held upon four (4) days' notice by first-class mail, electronic mail, or facsimile transmission or forty-eight (48) hours' notice delivered personally or by telephone. If sent by mail, facsimile transmission, or electronic mail, the notice shall be deemed to be delivered upon its deposit in the mail or transmission system. Notice of meeting shall specify the place, day, and

hour of meeting.

(d) Waiver of Notice. Any director may waive notice of any meeting, in accordance with Arizona law.

3.08 Manner of Acting.

(a) Quorum. A majority of the directors at the meeting location or present by telephone or video shall constitute a quorum for the transaction of business at that meeting of the board. If a quorum is not present, the board cannot approve any business.

(b) Majority Vote. Except as otherwise required by law or by the articles of incorporation, 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.

(c) Hung Board Decisions. On the occasion that directors of the board are unable to make a decision based on a tied number of votes, the president, who normally does not have voting rights, shall have the power to swing the vote based on his/her discretion.

(d) Participation. Except as required otherwise by law, the Articles of Incorporation, or these Bylaws, directors may participate in a regular or special meeting through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting, including in person, internet video meeting or by telephonic conference call.

3.09 Compensation for Board Service

No board member shall hold a compensated position within the organization. Directors shall receive no compensation for carrying out their duties as directors. The board may adopt policies providing for reasonable reimbursement of directors for expenses incurred in conjunction with carrying out board responsibilities, such as travel expenses to attend board meetings.

3.10 Compensation for Professional Services by Directors

A board member is not restricted from bidding to provide professional services as long as the potential conflict of interest has been fully disclosed consistent with the conflict of interest policy STRH Policy Manual and all requirements for external bids have been met consistent with state law as specified in the STRH financial policies.

ARTICLE IV

COMMITTEES

4.01 Committees

The board of directors may, by the resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. Any committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except

- (a) take any final action on matters which also requires board members' approval or approval of a majority of all members;
- (b) fill vacancies on the board of directors or on any committee which has the authority of the board;
- (c) amend or repeal Bylaws or adopt new Bylaws;
- (d) amend or repeal any resolution of the board of directors which by its express terms is not so amendable or repealable;
- (e) appoint any other committees of the board of directors or the members of these committees;
- (f) expend corporate funds to support a nominee for director; or
- (g) approve any transaction

4.02 Meetings and Action of Committees

Special meetings of the committee may be called by resolution of the board of directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The board of directors may adopt rules for the governing of the committee not inconsistent with the provision of these Bylaws.

4.03 Informal Action by the Board of Directors

Any action required or permitted by the board may be taken without a formal meeting if consent of the board of directors is in writing, setting forth the action so taken, and is agreed upon unanimously via email communication. For purposes of this section an email transmission from an e-mail address on record constitutes a valid writing. The intent of this provision is to allow the board of directors to use email to approve actions and business that when a formal board meeting is not available or scheduled. Since consent in writing and/or email does not facilitate discussion, the board members must unanimously give consent.

ARTICLE V

OFFICERS

5.01 Board Officers

The officers of the organization shall be a board president, vice-president, secretary, and treasurer, all of whom shall be chosen by, and serve at the pleasure of, the board of directors. Each board officer shall have the authority and shall perform the duties set forth in these Bylaws or by resolution of the board or by direction of an officer authorized by the board to prescribe the duties and authority of other officers. The board may also appoint additional vice-presidents and such other officers as it deems expedient for the proper conduct of the business of the organization, each of whom shall have such authority and shall perform such duties as the board of directors may determine. One person may hold two or more board offices when deemed necessary but for no longer than 90 days. No board officer may act in more than one capacity where action of two or more officers is required.

5.02 Removal and Resignation

The board of directors may remove an officer at any time, with or without cause. Any officer may resign at any time by giving written notice to the organization without prejudice to the rights, if any, of the organization under any contract to which the officer is a party. Any resignation shall take effect at the date of the receipt of the notice or at any later time specified in the notice. The acceptance of the resignation shall not be necessary to make it effective.

5.03 Board President

The board president shall be the chief officer of the organization. The board president shall lead the board of directors in performing its duties and responsibilities, including, if present, presiding at all meetings of the board of directors, and shall perform all other duties incident to the office or properly required by the board of directors

5.04 Vice President

In the absence or disability of the board president, the ranking vice-president or vice-president designated by the board of directors shall perform the duties of the board president. When so acting, the vice-president shall have all the powers of and be subject to all the restrictions upon the board president. The vice-president shall have such other powers and perform such other duties prescribed for them by the board of directors or the board president. The vice-president shall normally accede to the office of board president upon the completion of the board president's term of office.

5.05 Secretary

The secretary shall keep or cause to be kept a book of minutes of all meetings and actions of directors and committees of directors. The minutes of each meeting shall state the time and place that it was held and such other information as shall be necessary to determine the actions taken and whether the meeting was held in accordance with the law and these Bylaws. The secretary shall cause notice to be given of all meetings of directors and committees as required by the Bylaws. The secretary shall have such other powers and perform such other duties as may be prescribed by the board of directors or the board president. The secretary may appoint, with approval of the board a qualified agent, director or member of the staff to assist in performance of all or part of the duties of the secretary.

5.06 Treasurer

The treasurer shall be the lead director for oversight of the financial condition and affairs of the organization. The treasurer shall oversee and keep the board informed of the financial condition of the organization and of audit or financial review results. In conjunction with other directors or officers, the treasurer shall oversee budget preparation and shall ensure that appropriate financial reports, including an account of major transactions and the financial condition of the organization, are made available to the board of directors on a timely basis or as may be required by the board of directors. The treasurer shall perform all duties properly required by the board of directors or the board president. The treasurer may appoint, with approval of the board, a qualified fiscal agent or member of the staff to assist in performance of all or part of the duties of the treasurer.

ARTICLE VI

CONTRACTS, CHECKS, LOANS, INDEMNIFICATION AND RELATED MATTERS

6.01 Contracts and other Writings

Except as otherwise provided by resolution of the board or board policy, all contracts, deeds, leases, mortgages, grants, and other agreements of the organization shall be executed on its behalf by the treasurer or other persons to whom the organization has delegated authority to execute such documents in accordance with policies approved by the board.

6.02 Checks, Drafts

All checks, drafts, or other orders for payment of money, notes, or other evidence of indebtedness issued in the name of the organization, shall be signed by such officer or officers, agent or agents, of the organization and in such manner as shall from time to time be determined by resolution of the board.

6.03 Deposits

All funds of the organization shall be deposited in a timely manner as specified by the board to the credit of the organization in such banks, trust companies, or other depository as the board may select.

6.04 Loans

No loans shall be contracted on behalf of the organization and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the board.

6.05 Indemnification

(a) Mandatory Indemnification. The organization shall indemnify a director or former director, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he or she was a party because he or she is or was a director of the organization against reasonable expenses incurred by him or her in connection with the proceedings.

(b) Permissible Indemnification. The organization shall indemnify a director or former director made a party to a proceeding because he or she is or was a director of the organization, against liability incurred in the proceeding, if the determination to indemnify him or her has been made in the manner prescribed by the law and payment has been authorized in the manner prescribed by law.

(c) Advance for Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the organization in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of (I) a written affirmation from the director, officer, employee or agent of his or her good faith belief that he or she is entitled to indemnification as authorized in this article, and (II) an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the organization in these Bylaws.

(d) Indemnification of Officers, Agents and Employees. An officer of the organization who is not a director is entitled to mandatory indemnification under this article to the same extent as a director. The organization may also indemnify and advance expenses to an employee or agent of the organization who is not a director, consistent with Arizona Law and public policy, provided that such indemnification, and the scope of such indemnification, is set forth by the general or specific action of the board or by contract.

ARTICLE VII

MISCELLANEOUS

7.01 Books and Records

The organization shall keep correct and complete books and records of account and shall keep minutes of the proceedings of all meetings of its board of directors, a record of all actions taken by board of directors without a meeting, and a record of all actions taken by committees of the board. In addition, the organization shall keep a copy of the organization's Articles of Incorporation and Bylaws as amended to date.

7.02 Fiscal Year

The fiscal year of the organization shall be from January 1 to December 31 of each year.

7.03 Conflict of Interest

The board shall adopt and periodically review a conflict of interest policy to protect the organization's interest when it is contemplating any transaction or arrangement, which may benefit any director, officer, employee, affiliate, or member of a committee with board-delegated powers. Refer to STRH Policy Manual.

7.04 Nondiscrimination Policy

The officers, directors, committee members, employees, and persons served by this organization shall be selected entirely on a nondiscriminatory basis with respect to age, sex, race, religion, national origin, and sexual orientation as defined by Steps to Recovery Homes nondiscrimination policy. Refer to STRH Policy Manual.

7.05 Counterterrorism and due diligence policy

The officers, directors and committee members must comply with all requirements of the Steps to Recovery Homes Counterterrorism and Due Diligence policy. Refer to STRH Policy Manual.

7.06 Document Retention

All records of Board actions must be retained as specified in the Steps to Recovery Homes Document Retention policy. Refer to STRH Policy Manual.

7.07 Transparency and Accountability

All actions of the officers, directors and committee members of the Board must be consistent with the Steps to Recovery Homes Transparency and Accountability Policy. Refer to STRH Policy Manual.

7.08 Code of Ethics and Whistleblower Policy

All officers, directors and committee members of the Board must be comply with the Steps to Recovery Homes Code of Ethics and Whistleblower Policy. Refer to STRH Policy Manual.

7.09 Bylaw Amendment

These Bylaws may be amended, altered, repealed, or restated by a vote of the majority of the board of directors then in office at a meeting of the Board, provided, however,

(a) that no amendment shall be made to these Bylaws which would cause the organization to cease to qualify as an exempt organization under Section 501 (c)(3) of the Internal Revenue Code of 1986, or the corresponding section of any future Federal tax code.

(b) that an amendment does not affect the voting rights of directors. An amendment that does affect the voting rights of directors further requires ratification by a two-thirds vote of a quorum of directors at a Board meeting.

(c) that all amendments be consistent with the Articles of Incorporation.

ARTICLE VIII

AMENDMENT OF ARTICLES OF INCORPORATION

Any amendment to the Articles of Incorporation may be adopted by approval of two-thirds (2/3) of the board of directors.