

AI for Good Foundation

BYLAWS

(A 501 (c) (3) Not-for-Profit Corporation)

ARTICLE I

NAME

The name of this nonprofit Corporation is *AI for Good Foundation*, hereinafter referred to as the "Corporation".

ARTICLE II

OFFICES

The Corporation shall maintain an office in a place determined by the Board, which is not required to be in the state of Delaware. The Corporation shall have a registered agent as required by law.

See, Addendum 1: Address and Registered Delaware Agent

ARTICLE III

MEMBERSHIP

Section 1. Determination of members. Membership is open to any interested individuals or organizations that contribute appropriate fees/dues each year, and maintain adherence to membership policies as determined by the Board of Directors.

See, Addendum 2: Membership Policies

Section 2. Fees and dues. The Board of Directors, pursuant to the membership group, shall determine the annual dues payable to the Corporation by each member.

See, Addendum 3: Current Membership Dues and Programs

Section 3. Annual Meeting. A membership meeting shall be held once each year at such date, time and place as shall be determined by a resolution passed by a majority of the Board of Directors and designated in a notice or waiver of notice of the meeting. At each Annual Meeting the members shall elect the Directors, and may transact such other business as may properly come before the meeting.

Section 4. Voting & Quorum. All members are entitled to vote at the annual membership meeting. At least twenty (20) members shall constitute a quorum at all membership meetings.

Section 5. Manner of Acting. Each Member shall have one vote on all matters submitted to the Members for approval. The act of a majority of members at a meeting at which a quorum is present shall be an act of the membership, except as otherwise provided by law or by these bylaws.

Section 6. Notice. Notice of the annual membership meeting shall be sent to each member by either U.S. mail, overnight courier, facsimile, electronic mail or other mode of written transmittal, not less than ten (10), or more than sixty (60) days before the time set for such meeting, and must include the time, date, and place of such meeting. The annual meeting will be held each year at a time and place set by the Board of Directors.

Section 7. Death, Resignation or Deprivation of Member. All the rights, powers and privileges of any member of the Corporation shall cease upon his or her death, disability or resignation or upon deprivation or suspension of his or her membership according to law and the policies set forth.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. General Powers. The property, affairs and business of the Corporation shall be managed and controlled by its Board of Directors. The Board of Directors may, by general resolution, delegate to officers of the Corporation and to committees, such powers as provided for in these Bylaws.

Section 2. Number. The number of Directors shall be four voting members or such other number as may be determined by the Board of Directors from time to time.

See, Addendum 4: Current Board of Directors

Section 3. Meetings. The Board of Directors may provide by resolution the time and place for holding annual membership meetings, regular meetings, or special meetings of the Board.

The meetings of the Board of Directors shall be closed except to those persons invited by the Board of Directors.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by a majority vote of the Executive Committee, if such committee exists.

Section 5. Notice. Notice of any meeting of the Board of Directors shall be sent to each Director by either U.S. mail, overnight courier, facsimile, electronic mail or other mode of written transmittal, not less than ten (10) or more than sixty (60) days before the time set for such a meeting, and must include the time, date, and place of such meeting. Any Director may waive notice of any meeting before, at or after such meeting.

Section 6. Quorum. A presence of two-thirds of the voting members of the Board of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board. If a majority of the Board of Directors is unable to attend, any decisions made at such board meetings must be approved by a majority of the total Board of Directors before said decisions become official.

Section 7. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided by law or by these Bylaws.

Section 8. Teleconferencing. Meetings of the Board may be conducted by conference call, teleconference, or other electronic means, as permitted by law, provided that all persons can communicate with one another, and all persons are otherwise able to fully participate in the meeting. Votes of the members of the Board of Directors received in such manner shall have the same force and effect as votes at a meeting at which the members of the Board of Directors are physically congregated.

Section 9. Action by Unanimous Written Consent. Where permitted by law, any action required to be taken at a meeting of the Board of Directors or any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof.

Section 10. Vacancies. Any vacancy occurring caused by the death, resignation, removal, disqualification, or otherwise, in the Board of Directors or any Directorship to be filled by reason of an increase in the number of Directors may be filled by the Board of Directors. A Director selected to fill a vacancy shall serve the remaining, unexpired term of his or her predecessor in office. Vacancies may be filled or new Directorships created and filled at any meeting of the Board of Directors.

Section 11. Term of office. The term of office for all elected directors shall be three (3) years. Directors may not be re-elected to a Director position for more than three (3) consecutive terms. Any director selected to fill a vacancy on the Board of Directors may subsequently be elected to a full three-year term without waiting for any minimum time between terms. In other situations, there will be a minimum wait of one (1) year between terms.

Section 12. Nominating Committee. At the first board meeting of the year the CEO shall designate a Nominating Committee of at least three members. The committee members shall be approved by the Board of Directors. It shall be the duty of this committee to nominate at least one candidate to fill each open office.

Section 13. Elections. The Board of Directors shall act on a timely basis to elect Directors to replace those whose terms expire. New Directors shall be elected by a majority of Directors present at a meeting, provided there is a quorum. Directors so elected shall serve a term beginning immediately.

ARTICLE V

OFFICERS

Section 1. Officers. The Officers of the Corporation shall initially be a CEO/Executive Director, Secretary, Treasurer, and such other Officers as may be determined by the Board of Directors. The Board of Directors may decide not to fill all offices and may elect such other Officers as it shall deem necessary and proper, such Officers to be vested with such authority and to be obligated to perform such duties as shall be prescribed by the Board of Directors.

See, Addendum 5: Officers and Duties

Section 2. Election and Term of Office. The Officers shall be elected by the Board of Directors for a two-year term. Officers are limited to three, two-year terms in any one office.

Officers shall be chosen in such manner and shall hold their offices for such terms as are prescribed by the bylaws or determined by the Board of Directors or other governing body. Each officer shall hold office until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation.

Such election of officers shall be by the affirmative vote of a majority of the Directors in attendance, provided a quorum has been achieved. Incoming Officers shall be elected at the last board meeting of the outgoing officers and shall serve until their successors have been duly elected.

Section 3. Removal. Any Officer may be removed from office at any time by the affirmative vote of two-thirds of the Directors in office, whenever in their judgment the best interests of the Corporation would be served thereby.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors.

ARTICLE VI

ELECTIONS

Section 1. Election Day

Elections will be held once a year at a general meeting of the members in the fiscal first quarter.

Section 2. Nomination committee

At least ninety (90) days prior to the election meeting, the president shall appoint a nomination committee of three members who are not officers to be in charge of elections. Members interested in seeking election shall be solicited by this committee through a general mailing to the membership, at least thirty (30) days prior to the annual meeting. This committee will draw up a slate of nominees, who will have agreed to serve. An introduction of nominees will be given and elections will be by written ballot at the yearly meeting.

Section 3. Number of votes

Each individual member shall have one vote. Organizations may only vote through their individual members.

ARTICLE VII

COMMITTEES

Section 1. Creation, Membership, Etc. The Board of Directors, by a resolution or resolutions passed by a majority of the whole Board, may designate from among its members one or more standing committees, which committees shall possess and exercise such power, duties and authority in the management of the business of the Corporation between meetings of the Board of Directors as the Board shall determine and set forth in such resolution or resolutions. Members of each standing committee shall be appointed annually to serve for one year or until their successors have been appointed. A majority of the members of each committee shall constitute a quorum for the transaction of business at any meeting thereof and, except as otherwise provided by law or the Certificate of Incorporation or these By-laws, the act of a majority of the members of each committee present at any meeting at which a quorum is present shall be the act of such committee. Each committee shall, to the extent not otherwise determined by the Board of Directors or provided in the Certificate of Incorporation or these By-laws, elect its own chairperson and determine its own rules.

Each committee shall submit to the Board of Directors at each meeting thereof a report of the actions, if any, which such committee may have taken since the previous meeting of the Board of Directors, which actions shall be subject to revision or alteration by the Board of Directors. The Board of Directors shall fill any and all vacancies on the standing committees and may, from time to time, appoint alternate members of such committees to serve in the temporary absence or disability of any member. Such designation of a member or such appointment of an alternate member may be terminated at any time, with or without cause, and any member or alternate member of such committee may be removed, with or without cause, at any time, by the Board of Directors.

See, Addendum 6: Active Committees

Section 2. Prohibited Actions. Anything in Section 1 to the contrary notwithstanding, no committee shall have authority to authorize or take any of the following actions, all of which are reserved to the Board of Directors:

- i. Make, alter or repeal any By-law of the Corporation;
- ii. Elect or appoint any Member or Director, or remove any officer, Director or Member;
- iii. Submit to Members any action that requires Members' approval; or
- iv. Amend or repeal any resolution previously adopted by the Board of Directors.

ARTICLE VIII

AMENDMENTS

These bylaws may be amended by a majority vote of the Board of Directors.

ARTICLE IX

MISCELLANEOUS

Section 1. Grants, Contracts, Etc., How Executed. The Board of Directors may authorize any officer or officers, agent or agents, to make, enter into, execute and deliver any grant, contract or other instrument in the name of and on behalf of the Corporation, and such authority may be general or

confined to specific instances. Unless authorized so to do by these By-laws or the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any grant, contract or engagement, or to pledge its credit or to render it liable pecuniary for any purpose or in any amount.

Section 2. Checks, Drafts, Etc. All checks, drafts or other evidences of indebtedness issued in the name of the Corporation shall be signed or endorsed by such one or more officers, agents or employees of the Corporation as shall from time to time be determined by resolution of the Board of Directors, or, if appointed, the Executive Committee or the Finance Committee. Each of such officers or employees shall give such bond as the Board of Directors or such committees may require.

Section 3. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, mutual funds, or other depositories as the Board of Directors, or, if appointed, the Executive Committee or the Finance Committee, may from time to time designate, or as may be designated by any officer, agent or employee of the Corporation to whom such power may be delegated by the Board of Directors or by either of such committees, and for the purpose of any such deposit, all checks, drafts, and other orders for the payment of money which are payable to the order of the Corporation may be endorsed, assigned and delivered by any officer of the Corporation authorized by, or in such other manner as may from time to time determined by resolution of, the Board of Directors or either of such committees.

Section 4. Indemnification. The Corporation shall, and hereby does, indemnify each of its present and former Directors and officers and agents and any other person who may serve or have served, against expenses actually and necessarily incurred by her or him in connection with the defense of any action, suit or proceeding in which he or she is made a party by reason of being or having been a Director, officer or agent of the Corporation, provided the Director, officer or agent acted in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and provided further that if such indemnity is with respect to a criminal proceeding, the Director, officer or agent had no reasonable cause to believe the conduct was unlawful.

Section 5 Insurance. Corporation may purchase and maintain insurance on behalf of the Board of Directors, officers, former board members and former officers and all persons who have served at its request or by its election as a director or officer of another association, organization or Corporation or in a fiduciary capacity with respect to any employee benefit plan against any liability, or settlement based on asserted liability, incurred by them by reason of being or having been board members or officers of the Corporation or directors or officers of such other association, Corporation, organization or Corporation, or in a fiduciary capacity with respect to any employee benefit plan of the Corporation, whether or not Corporation would have the power to indemnify them against such liability or settlement under the provisions of this section.

Section 6 Fiscal Year. The fiscal year of the Corporation shall commence on January 1 and end on December 31.

Article X

CONFLICT OF INTEREST POLICY

Purpose

The purpose of the conflict of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the 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 nonprofit and charitable organizations.

Definitions

1. Interested Person

Any director, principal officer, 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.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
- b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, 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.

Procedures

1. 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.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting 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.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. 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.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. 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 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.

4. Violations of the Conflicts of Interest Policy

- a. 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.
- b. 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.

Records of Proceedings

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

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the

proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

- a. 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.
- b. 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.
- c. 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.

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:

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

Periodic Reviews

To ensure the Organization 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:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews as provided for in “Periodic Reviews”, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article XI

COMPENSATION

The Board of Directors is responsible for setting and maintaining policies to ensure fair and timely compensation of the Board of Directors, Officers, Employees, and any independent Service Providers to the Corporation. All compensation policies are governed by the Conflict of Interest Policy described in Article X of these bylaws.

See, Addendum 7: Compensation Arrangements

See, Addendum 8: Compensation Approval Documentation

Article XII

ETHICS AND DISCIPLINE

The CEO and Board of Directors shall appoint an Ethics & Discipline Committee to establish procedures to ensure that the corporation maintains and enforces fair policies with respect to all officers and employees. These policies will be effective regardless of age, race, gender, sexual orientation or any other protected class. They will promote a safe and collaborative working environment free of bullying or harassment of any kind. They will enact progressive strategies with respect to health, family care, leaves of absence, sick leave, and the flexibility required to establish a comfortable work-life balance for all officers and employees of the AI for Good Foundation. It is the CEO’s responsibility to oversee that the committee has all resources necessary to uphold such policies in the workplace through appropriate training, research, workplace structures, events, and disciplinary procedures.

Ratification

These bylaws and addenda hereby ratified by a quorum and functional majority of the active Board of Directors, this 1st day of March, 2016.

As approved by James Hodson, Gary Marcus, Stefano Pacifico, Michael Witbrock.

Signed on behalf of AI for Good Foundation: _____

James Hodson (CEO / Director)

Addendum 1

Address and Registered Delaware Agent

The Corporation's registered office in the State of Delaware is located at 16192 Coastal Highway, Lewes, DE 19958, County of Sussex. The registered agent in charge thereof is Harvard Business Services, Inc.

Addendum 2

Membership Policies

Payment of Dues/Fees

Payment of membership dues and any associated fees is in advance, and all individuals or and organizations must maintain their membership as current in order to continue receiving the benefits of membership. Dues can be paid electronically, by bank transfer, by check, or any other method as listed under the membership section of the company website, as amended from time to time. Payment of dues is final, and no reimbursements will be made under any circumstance.

Participation Requirements

Members have a duty to vote on issues brought before them at the yearly general meeting, or any other meeting pursuant to these bylaws. Members may join such meetings remotely by teleconference, or be physically present. Absent members will be considered to have abstained from voting on any issues that arise.

Membership entitles individuals and organizations to participate in workshops, conferences, and any other member events that are organized by the company. Furthermore, membership entitles individuals to an email address (@ai4good.org), regular newsletter, and special entitlements as will be offered from time to time.

Courtesy and Respect

Any member who is considered by the company to have shown a gross lack of courtesy or respect towards their fellow members, company representatives, or the broader community of which they form part, may have their membership terminated immediately, without recourse. In most cases, the company will issue a formal warning to the member in question, outlining the issue, and providing the opportunity to reconcile.

Special Interests

The board of directors, and trustees of the company, retain the right and responsibility to ensure that the membership program works to fulfill the mission of the organization, and not to further the agendas of special interest groups that may ultimately cause the organization to be less effective. As such, this membership program's terms and conditions are subject to change by review of the governing body at any time, and without notice.

Addendum 3

Current Membership Dues and Programs

The Corporation shall maintain several membership groups:

Membership Group	Description	Yearly Dues
Individual Public Members	Members of the public wishing to participate in the community.	\$250
Individual Research Members	Practitioners and researchers who are actively contributing to the field of Artificial Intelligence.	\$250
Implementing Organizations	Organizations that use or plan to make use of Artificial Intelligence Technologies.	\$5,000
Research Organizations	Organizations actively involved in furthering the field of Artificial Intelligence.	\$5,000
Policy Organizations	Organizations actively involved in programs and projects that use Artificial Intelligence to influence decision-making, but are neither for-profit, nor host research facilities.	\$5,000

Organization memberships entitle an organization to ten (10) representatives, each with individual membership rights.

Membership entitles the participant to engage in meetings, committees, elections, member-only events, workshops, and a variety of other programs as decided by the Board of Directors and Officers of the Corporation with appropriate authority.

Addendum 4

Current Board of Directors

The current Board of Directors is composed of the following members:

- James A. Hodson of 558 Washington Street, Brighton, MA, 02135;
- Gary Marcus of 137 Varick Street, New York, NY 10013
- Stefano Pacifico of 200 E 71st St New York NY 10021; and
- Michael Witbrock of 3911 Walnut Clay Drive, Austin, TX, 78731.

Membership fees are waived for active Board members, Officers, and Employees of the Corporation.

Addendum 5

Officers and Duties

CEO/Executive Director: [Interim] James Hodson

DUTIES OF CEO

- i. Direct and be responsible for the overall operation of the organization and the strategic plan;
- ii. Serve as the organization's official representative and spokesperson on matters of policy and positions;
- iii. Be responsible for the duties of other officer positions that are temporarily vacant;
- iv. Call, preside and set agenda at meetings;
- v. Designate committees and supervise their activities;
- vi. Research and Communicate to the membership – National, Local and Legislative issues and information pertinent to the membership and the organization.

Secretary: Vacant

DUTIES OF SECRETARY

- i. Record and maintain minutes of all meetings.
- ii. Assist the CEO as requested.
- iii. Handle all mailings.
- iv. Draft all group correspondence
- v. Handle Corporation phone
- vi. Receive and distribute all incoming mail.
- vii. Maintain membership database

Treasurer: Vacant

DUTIES OF TREASURER

- i. Receive and disburse funds with appropriate authorization.
- ii. Maintain financial records.
- iii. Prepare a year-end financial report
- iv. Assist the CEO as requested.
- v. Serve as chair or member of one or more committees/sub-committees

Addendum 6

Active Committees

Steering Committee

Created: April 27th, 2016

By order of the Executive Director

The steering committee is responsible for reviewing the actions of the AI for Good Foundation, identifying opportunities, facilitating access to the right people at the right time, and providing guidance on strategic matters.

The Steering Committee will meet regularly with the Executive Director to report on findings from regular work and projects carried out by committee members. This work might involve assessing the quality or viability of particular programs, identifying new opportunities, representing the AI for Good Foundation, providing introductions, and executing program events/projects where relevant.

Committee members may be compensated for reasonable expenses while carrying out their duties, but do not receive any direct salary or compensation for their work.

Committee Members:

Damian Borth, Director, Center for Deep Learning Research, DFKI, Germany

Rayid Ghani, Chief Data Scientist, University of Chicago Urban Policy Institute, USA

Marko Grobelnik, CEO, Quintelligence d.o.o, Slovenia

Estevam Rafael Hruschka Junior, Associate Professor, UF Sao Carlos, Brazil

Claudia Perlich, Chief Data Scientist, Dstillery Inc., USA

Addendum 7

Compensation Arrangements

COMPENSATION POLICY FOR OFFICERS, DIRECTORS, TOP MANAGEMENT OFFICIAL AND KEY EMPLOYEES

1. Policy and Purposes

This is the policy of AI for Good Foundation (the “organization”) with respect to the review and approval of compensation of its officers and employees. The purpose of this document is to ensure that all compensation paid by the organization is reasonable, and based upon a review of available comparability information. This policy provides a procedure for the review and approval of the compensation of the officers, directors, trustees, CEO, executive director or top management officials, and key employees of the organization (“Compensated Individuals”) consistent with applicable federal tax law. (The IRS Form 990 definitions for some of the identified positions are included in the Appendix and used in this policy with the same meanings.)

2. Procedure for Approval of Compensation

- A. General.** The board of directors or trustees, or authorized committee (“Governing Body”) shall review and approve the compensation of Compensated Individuals.
- B. Specific Requirements.** The Governing Body reviewing and approving compensation for Compensated Individuals shall satisfy the following requirements or procedures:

(1) Approval by Persons Without a Conflict of Interest. Compensation shall be reviewed and approved by the Governing Body, provided that persons with a conflict of interest with respect to the compensation arrangement at issue are not involved. Members of the Governing Body do not have a conflict of interest if they (a) are not benefitting from or participating in the compensation arrangement; (b) are not in an employment relationship subject to the direction or control of any person benefitting from or participating in the compensation arrangement; (c) do not receive compensation or other payments subject to the approval of any person benefitting from or participating in the compensation arrangement; (d) have no material financial interest affected by the compensation arrangement; and (e) do not approve a transaction providing economic benefits to any person participating in the compensation arrangement, who in turn has or will approve a transaction providing economic benefits to the member. (Form 990, Part VI, Line 15, Instructions; Treas. Reg. § 53.4958-6(c)(1)(iii).)

(2) Use of Comparability Data. In its review and approval of compensation, the Governing Body shall affirmatively determine that compensation is reasonable to the organization based upon information sufficient to determine whether the value of services is the amount that would ordinarily be paid for like services by like enterprises, whether taxable or tax exempt, under like circumstances. Relevant information includes, but is not limited to, compensation levels paid by similarly situated organizations, both taxable and tax exempt, for functionally comparable positions; the availability of similar services in the geographic area of the organization; current compensation surveys compiled by independent firms; and actual written offers from similar institutions competing for the services of the compensated person. If the organization has average annual gross receipts of less than \$1 million for the prior three tax years, the Governing Body will have appropriate comparability information if it has information on compensation paid by three comparable organizations in the same or similar communities for similar services. (Form 990, Part VI, Line 15, 2009 Instructions; Treas. Reg. §§ 53.4958-4(b), 53.4958-6(c)(2)).

(3) Recording Compensation Deliberations. The Governing Body's review and approval of compensation shall be promptly recorded in the minutes of its meetings and contain: (a) the terms of the compensation and the date approved; (b) the names of the members of the Governing Body who were present during the discussion and those who voted on the approved compensation; (c) the comparability data obtained and relied upon, and how it was obtained; (d) any action taken with respect to consideration of the compensation by a member of the Governing Body who had a conflict of interest with respect to the compensation; and (e) if the reasonable compensation is higher or lower than the range of comparability data obtained, the basis for the decision. Such minutes shall be reviewed and approved by the Governing Body as reasonable, accurate and complete within a reasonable time after the review and approval of the compensation. (Form 990, Part VI, Line 15, 2009 Instructions; Treas. Reg. § 53.4958-6(c)(3).)

(4) Review and Approval for Certain Executive Officers. In addition to the requirements of this policy applicable to all Compensated Individuals, any compensation set for the CEO or president, and CFO or treasurer, (or individuals with equivalent powers, duties or responsibilities comparable to these positions), must be determined to be just and reasonable. The Governing Body's review and approval shall occur initially upon hiring, whenever the term of employment, if any, is renewed or extended, and whenever the compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.

APPENDIX to Addendum 7

2009 IRS FORM 990 INSTRUCTIONS

DEFINITIONS¹

Director or trustee. A “director or trustee” is a member of the organization’s **governing body**, but only if the member has voting rights. A director or trustee that served at any time during the organization’s **tax year** is deemed a current director or trustee. Members of advisory boards that do not exercise any governance authority over the organization are not considered directors or trustees. An “institutional trustee” is a trustee that is not an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

Officer. An **officer** is a person elected or appointed to manage the organization’s daily operations. An officer that served at any time during the organization’s **tax year** is deemed a current officer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its **governing body**, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers can include a president, vice-president, secretary, treasurer and, in some cases, a Board Chair. In addition, for purposes of Form 990, including Part VII, Section A, and Schedule J (Form 990), treat as an officer the following persons, regardless of their titles.

1. *Top management official.* The person who has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization.

2. *Top financial official.* The person who has ultimate responsibility for managing the organization’s finances.

If ultimate responsibility resides with two or more individuals (for example, co-presidents or co-treasurers), who can exercise such responsibility in concert or individually, then treat all such individuals as officers.

Key employee. For purposes of Form 990, a current **key employee** is an **employee** of the organization (other than an **officer**, **director** or **trustee**) who meets all three of the following tests, applied in the following order:

1. *\$150,000 Test:* Receives **reportable compensation** from the organization and all **related organizations** in excess of \$150,000 for the **calendar year** ending with or within the organization’s **tax year**.

¹ The definitions in this Appendix are taken from the IRS 2009 Instructions for Form 990 at page 22.

2. *Responsibility Test*: At any time during the calendar year ending with or within the organization's **tax year**:

a. Has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors, or trustees;

b. Manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or

c. Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for **employees**.

3. *Top 20 Test*: Is one of the 20 employees other than officers, directors, and trustees who satisfy the \$150,000 Test and Responsibility Test with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

If the organization has more than 20 individuals who meet the \$150,000 Test and Responsibility Test, report as **key employees** only the 20 individuals that have the highest reportable compensation from the organization and related organizations. Note that any others, up to five, might be reportable as current **highest compensated employees**, with over \$100,000 in reportable compensation. Use the calendar year ending with or within the organization's tax year for determining the organization's current key employees.

An individual that is not an employee of the organization (or of a disregarded entity of the organization) is nonetheless treated as a key employee if he or she serves as an officer or director of a disregarded entity of the organization and otherwise meets the standards of a key employee set forth above. See Disregarded Entities, later [on page 24 of the Instructions], for treatment of certain employees of a disregarded entity as a key employee of the organization.

If an employee is a key employee of the organization for only a portion of the year, that person's entire compensation for the calendar year ending with or within the organization's tax year, from both the filing organization and related organizations, should be reported in Part VII, Section A. **Management companies** and similar entities that are **independent contractors** should not be reported as key employees. The organization's **top management official** and **top financial official** are deemed officers rather than key employees.

Addendum 8

Compensation Approval Documentation

AI for Good Foundation Compensation Approval Document

Date: __/__/____

Name of Officer/Employee/Consultant/Trustee: _____

Title/Role/Primary Function: _____

Fixed Compensation for fiscal year _____ : \$_____.

New Employee: Yes / No, if "no", list nominal increase over previous year: _____.

Compensation Structure and Amount Summary Justification:

Who approved this compensation arrangement? Board of Directors / Trustees / Committee

Authorized Members:

Include the following evidence and documentation as attachments:

- Relevant sections of meeting minutes discussing and justifying compensation;
- Prior year compensation arrangements, if appropriate;
- A copy of the signed compensation arrangement, listing specifics;
- Comparable survey/comparison/market data that was used to ensure compensation is "reasonable" for this role/function;
- Extended justification of any non-standard compensation arrangements, such as would be required by the IRS as part of form 990 or 1023;

Signed as authorized on behalf of the AI for Good Foundation: Name: _____

Title: _____
