

BY-LAWS OF  
HASO INC.  
A NONPROFIT TEXAS CORPORATION

SECTION 1. OFFICES

1.01 PRINCIPAL OFFICE.

The Principal Office for the transaction of the activities and affairs of the Corporation (“Principal Office”) is located at 401 Branard Suite 117 Houston, Texas 77009.

1.02

The State of the Corporation’s Principal Office can only be changed by amendment of the Articles of Incorporation of the Corporation and not otherwise. The Board of Directors (“Board”) may, however, change the Principal Office from one location to another within the State by noting the changed address and effective date below and such change of address shall not be deemed an amendment of these By-Laws:

DATE: \_\_\_\_\_ LOCATION: \_\_\_\_\_

1.03

The Board may at any time establish a branch of subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

SECTION 2. OBJECTIVE AND PURPOSE

The Corporation is a service board that serves Narcotics Anonymous and is directly responsible to those they serve. The objective of this Corporation shall be to provide services to the members of the Fellowship of Narcotics Anonymous and the public. The purpose is to help make available the program of recovery that has been developed by the Fellowship of Narcotic Anonymous. This may be accomplished through public information efforts, the distribution or selling literature and such ancillary activities as may make it possible to help spread the message of recovery from addiction as found in the program of Narcotics Anonymous.

SECTION 3. NONPARTISAN ACTIVITIES

No substantial part of the activities of the Corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office or for or against any cause or measure being submitted to the people for a vote. The Corporation shall not, except in an insubstantial degree, engage in any activities or exercise any powers that are not in the furtherance of the purposes described above.

## SECTION 4. MEETINGS

### 4.01 PLACE.

Meetings shall be held at the Principal Office of the Corporation unless otherwise provided by the Board regular meetings shall be held at such time and place as may be designated by resolution of the Board. Special Meetings of the Board may be called by the Chairman, or if he is absent or unable, or refuses to act, by the Vice-Chairman, or by any two Directors. Such meetings shall be held at such place within or without the State of Texas, designated by the person or persons calling the meeting, and in the absence of such designation at the Principal Office of the Corporation.

### 4.02 SPECIAL MEETINGS.

Special meetings of the Board for any purpose may be called at any time by the Chairperson of the Board or the Vice-Chairperson, the Secretary, or if unwilling or unable to act, by any two Board members.

(a). Notice of the time and place of special meetings shall be given to each director by one of the following methods:

- 1.) By personal delivery or written notice;
- 2.) By first class mail, postage prepaid;
- 3.) By telephone communication, either directly to the home who would reasonable be expected to communicate such notice promptly to the Director (s); or
- 4.) By E-mail with return receipt. All such notices shall be given or sent to the address or telephone of record in the Corporation records.

(b). Notice sent by first class mail shall be deposited into a United States mail box at least thirty (30) days before the time of the meeting. Notices given by personal delivery, telephone, or E-mail shall be delivered at least seven (7) days before the meeting.

### 4.03 CONTENTS OF NOTICE.

Notice of meetings of the Board shall specify the place, the day, and the hour of the meetings. The notice need not specify the purpose of the meeting or the place of the meeting if it is to be held at the Principal Office of the Corporation.

### 4.04 QUORUM.

A quorum shall consist of one third (1/3) plus one (1) of the existing Board of Directors.

### 4.05 ADJOURNMENT FOR LACK OF QUORUM.

In the absence of a quorum any meeting of the Board of Directors may be adjourned from time to time by a majority of the Board present and no other business shall be transacted.

#### 4.06 NOTICE OF ADJOURNED MEETING.

When a meeting becomes, by action of the Board of Directors present, adjourned to another date, notice requirements in Section 4.02 or 4.03 must be followed.

#### 4.07 LOSS OF QUORUM.

The Board of Directors present called a meeting at which a quorum was present when roll was taken, may continue business until adjournment notwithstanding the withdrawal of sufficient Directors to leave less than a quorum.

#### 4.08 VOTING AT MEETINGS.

Each Director is entitled to one (1) vote on each matter submitted to a vote of the Board of Directors, voting at a duly held meeting of the Directors. Votes shall be by voice vote, except as otherwise expressly provided for in these By-Laws. No single vote shall be split into fractional votes. Cumulative voting for the election of Directors or otherwise shall not be authorized. The candidates receiving the highest number of votes up to the number of Directors to be elected are elected. Members of the Board are entitled to a vote in person. No member may utilize a proxy to fulfill their participation as a member of the Board of Directors.

#### 4.09 CONDUCT OF MEETINGS.

Meetings of the Board shall be presided over by the Chairman of the Corporation, or in his absence by the Vice-Chairman, or, in the absence of both, by a Chairman chosen by a majority of the Board present. The Secretary of the Corporation shall act as Secretary of all meetings of the Board provided that in his or her absence the presiding Director shall appoint another person to act as Secretary of the meeting. Meetings shall be governed by Roberts Rules of Order, (newly revised), insofar as such rules are not inconsistent with or in conflict with these By-laws, with the Articles of Incorporation, or with the laws of the State of Texas or of the United States.

#### 4.10 ACTION WITHOUT MEETING.

Any action which may be taken at a meeting of the Board may be taken without a meeting if authorized in writing, signed by all the Directors who would be entitled to vote of such action at a meeting and filed with the Secretary of the Corporation, except as otherwise expressly provided in these By-Laws.

### SECTION 5. MEMBERS

#### 5.01 MEMBERS PROHIBITED.

This Corporation shall not have any voting members.

## 5.02 EFFECT OF PROHIBITION.

Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval by the Board. All rights which would otherwise vest under the Non-profit Corporation Law in the members shall vest in the Board.

## SECTION 6. DIRECTORS

### 6.01 NUMBER.

The Corporation shall have at least five (5) Directors and no more than ten (10) and collectively they shall be known as the Board of Directors. The number may be changed only by amendment of these By-Laws. No less than one and no more than three shall be a Liaison voted in by the BOD from the group(s) of Narcotics Anonymous.

### 6.02 POWERS.

The Directors shall exercise the lawful powers of the Corporation, manage its property, and conduct its affairs, except as otherwise provided by law and subject to the limitations contained in the Articles of Incorporation and these By-Laws.

### 6.03 DUTIES.

It shall be the duty of the Directors to:

- a.) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation, or by these By-Laws.
- b.) Appoint and remove, employ and discharge, and, except as otherwise provided in the By-laws, prescribe the duties and fix the compensation, if any, of all agents and employees of the Corporation.
- c.) Supervise all offices, agents, and employees of the Corporation to assure that their duties are properly performed.
- d.) Meet at such time and place as required by these By-Laws.
- e.) Require that special meetings of the Board be called whenever and as often as they deem necessary and whenever demanded by the required number of Directors as provided in these By-Laws.
- f.) Register their addresses with the Secretary of the Corporation, and notices of meetings mailed or E-mailed with return receipt to them at such addresses shall be valid notices thereof.

#### 6.04 QUALIFICATIONS.

Any person of who qualifies for regular membership in Narcotics Anonymous pursuant to the applicable requirements set forth in these By-Laws is eligible to be elected a Director of this Corporation. These requirements are:

- a.) Two (2) years of continuous “clean” time.
- b.) One (1) year minimum of prior service experience on an area or group level.
- c.) A working understanding of the Twelve Steps and Twelve Traditions as espoused by the Fellowship of Narcotics Anonymous by application.
- d.) Time and resources necessary to fulfill requirements of the office as set forth herein in these By-Laws.
- e.) The presence of any nominee to the Board of Directors at the annual election meeting is required.

#### 6.05 ELECTION (Establishment of Nominee Pool).

All five (5) – ten (10) directors of the Corporation shall be elected for two (2) year terms as set forth below, by the duly elected Directors of the HASO Board of Directors.

Annually at the August meeting of HASO, the existing Board of Directors may submit a list of nominees for available board positions.

All other nominees shall be selected from nominations solicited from Narcotics Anonymous and shall be placed in a “pool” of nominees. It is desirable that each Group should submit one (1) name for the “Pool”.

Narcotics Anonymous groups may submit, for the consideration of HASO, names of individuals who are not addicts and members of the outside community who may provide insight and direction to the Board of Directors by their service as Directors.

Elections for the Board of Directors shall occur each October at the HASO Board meeting.

Election for liaison GROUPS/HASO Inc. to be one of the Board of Directors voted to the board by the group in January every odd year, and placed on the board by HASO Inc. in February.

#### 6.06 TERMS OF OFFICE.

Each of the five (5) – ten (10) Directors, who are elected by HASO pursuant to applicable sections set forth herein, shall serve for two (2) years from the date of his or her election to the Board of Directors.

Half of the initial Directors designated by HASO shall serve two (2) year terms to allow for the installation of an alternation term system. On the even calendar year the other half of the Board positions shall be filled. On the odd calendar year half of the Board positions shall be filled.

Any director elected or designated under the provisions of these By-Laws shall be eligible for re-election or appointment, provided such Director continues to meet the qualifications required by Section 6.04 of these By-Laws.

#### 6.07 COMPENSATION

Directors shall serve without compensation, but shall be entitled to reimbursement of reasonable expenses incurred.

#### 6.08 ACTION BY THE BOARD OF DIRECTORS.

Every action or decision by the Board majority present at a meeting duly held by a quorum is the act of the Board unless the Sections of these By-Laws require a greater number. Any action to be taken by the Board may be taken without a meeting if all Directors shall individually or collectively consent in writing to such action, where such action is filed in writing with the Corporation minutes and shall have the same force and effect as a unanimous vote of the Directors and certificate or other document thereof shall be prima facie evidence of the authority thereof.

#### 6.09 REMOVAL AND RESIGNATION OF DIRECTORS.

a.) BY THE BOARD WITH CAUSE: The Board of Directors may declare vacant the office of any incumbent Director who has been;

1.) Declared of unsound mind by a court of Law.

2.) Convicted of a felony while serving on the Board.

3.) Found by a final order of judgment of any court to have breached statutory duties relating to a Director's standard of conduct.

4.) Found by the Board to have failed to attend or participate in any other manner provided for herein, four (4) or more consecutive meetings or six (6) meetings in total of the Board of Directors. (Per calendar year)

PROVIDED: That the removal of any of the Directors here-to-for described as appointed by HASO or voted in by a group(s) shall be removed pursuant to this section ONLY in conjunction with written consent of such individual as HASO may designate for this purpose.

b.) BY THE BOARD WITHOUT CAUSE: No director shall be removed without cause.

c.) PERIOD OF CHALLENGE REMOVAL

An action challenging the validity of any removal of a Director must be commenced within thirty (30) days after removal. After the thirty (30) day period, the removal is conclusively presumed valid, in the absence of fraud.

d.) RESIGNATION

A Director may resign by giving written notice to the Chairman of the Board, Vice-Chairman, or Secretary of the Corporation. Resignation is effective upon giving of the notice unless the resignation specifies a later time. If the resignation is effective at a later time, a successor may be elected pursuant to provisions herein, immediately, to take office when resignation is effective.

6.10 VACANCIES.

Vacancies in the board shall exist:

a.) upon death, resignation, or removal of any Director.

b.) whenever the number of Directors is increased by an amendment of the By-Laws.

The board may vacate the office of Director:

a.) if he is declared of unsound mind by an order of court.

b.) if he dies.

c.) or if after notice of election he does not accept the office in writing within thirty (30) days or by not attending the next scheduled meeting of the Board.

Any reduction of authorized Directors does not operate to remove any Director prior to the expiration of his term of office.

6.11 NON-LIABILITY OF DIRECTORS.

No Director shall be personally liable for the debts, liabilities or obligation of the Corporation, and any lawsuit against any Director arising from his activities as a Director of the Corporation

shall be defended at the expense of the Corporation, including reasonable expenses and attorney's fees, provided that the court finds the conduct of the sued Director was to merit such indemnity, and in such sums as the court finds reasonable.

## SECTION 6A. LIAISON TO GROUP(S)

### 6A.01 DUTIES OF LIAISON

- a.) Have full voting rights on the Board as an elected board member. (Per 6.05)
- b.) Carries the voting record of the Board to the Group(s)
- c.) Carries the conscience of the group(s) to the board.
- d.) Maintains a copy of the treasurer report of the BOD and is prepared to present that report to the Group(s)
- e.) Work at the HASO office in rotation with other Board members.

## SECTION 7. OFFICERS

### 7.01 NUMBER AND TITLES.

The Officers of the Corporation shall be a Chairman, Vice-Chairman, Secretary, Treasurer, Literature, and Adopt an Inmate. One person may hold multiple offices except for those offices of Chairman and Secretary.

### 7.02 QUALIFICATIONS, ELECTION AND TERM OF OFFICE.

Any individual who would qualify under the terms and provisions of these By-Laws to sit as a Director of the Corporation shall qualify to be an Officer of the Corporation. Officers other than as appointed per Section 7.03 or 7.05 shall be elected every two (2) years by the Board at the first Board meeting following the HASO election in October. Each officer shall hold office until he resigns, is removed, or until his successor is elected and assumes office.

### 7.03 SUBORDINATE OFFICERS.

The Board may appoint or employ such other officers or agents as it may deem desirable or necessary. Such officers shall serve terms and have such authority to perform such services and duties as may be prescribed from time to time by the Board.

### 7.04 REMOVAL AND RESIGNATION OF OFFICERS.

Any officer may be removed by a majority vote of the Board at any regular time or special meeting of the Board, or as the Board may be qualified to act as otherwise provided in these By-Laws. Such officer shall be removed forthwith or under such terms as the Board may so decide. Any officer may resign by giving notice to the Board, to the Chairman or the Secretary of the Corporation. Said notice shall be in writing. Any such notice, or at such time as specified therein, or upon such date as may be decided by the Board, but in no event later than the date stated in said notice.

#### 7.05 VACANCIES OF OFFICERS.

Any vacancy caused by death, resignation, removal, disqualification or otherwise, of any officer, shall be filled by the Board for the unexpired portion of the term. Vacancies occurring offices appointed or employed at the discretion of the Board, may or may not be filled as the Board shall determine a continuing need for such service.

#### 7.06 DUTIES OF CHAIRMAN.

The Chairman shall be the chief executive officer of the Corporation and shall in general, subject to the control of the Board, supervise and control the affairs of the Corporation. He shall perform all duties incident to his office and such other duties as may be required by Law, these By-Laws, or which may be prescribed by the Board. He shall preside at all meetings of the Board, except as otherwise expressly provided by Law, the Articles of Incorporation of this corporation or these By-Laws. He shall, in the name of the Corporation, execute such deeds, mortgages, bonds, contracts, checks or other instruments which from time to time are authorized by the Board.

#### 7.07 DUTIES OF VICE CHAIRMAN.

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

#### 7.08 DUTIES OF SECRETARY.

Subject to the provisions of Section Nine (9) and Ten (10) of these By-Laws, the Secretary shall certify and keep at the Principal Office of the Corporation, or at such other place as the Board may authorize, a book or digital copy of minutes of all meetings of the Directors, recording therein the time and place of holding, whether regular or special, and if special however authorized, notice thereof, and the names of those present at meetings of Directors. He or she shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by Law or as required by the Articles of Incorporation. He shall be the custodian of the records of the Corporation, which shall be kept as herein provided above. He shall produce upon request at all reasonable times to any Director or to his agent or attorney, the By-Laws, and the minutes of the proceedings of the Board.

In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as may be required by Law, the Articles of Incorporation of this corporation, these By-Laws, or which may be assigned to him from time to time by the Board of Directors.

#### 7.09 DUTIES OF THE TREASURER.

Subject to the provisions of Section Nine (9) of these By-Laws the Treasurer shall:

- a.) Have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors.
- b.) Receive, and provide receipt for, money due and payable to the Corporation from any source whatsoever.
- c.) Disburse or cause to be disbursed the fund of the Corporation as may be directed by the Board of Directors, recording proper vouchers for such disbursement.
- d.) Record and maintain adequate and correct accounts of the Corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.
- e.) Produce upon request at all reasonable times the books of accounting and financial records to any Director of the Corporation, or to his agent or attorney.
- f.) Render to the Chairman and Directors, when requested, an account of any or all of his transactions as Treasurer and an account of the financial condition of the Corporation.

#### 7.10 DUTIES OF LITERATURE

- a) The Literature Chairperson shall keep the store stocked with NA approved literature items as required or requested by the groups.
- b) He may also supply Recovery related products with approval from the Board of Directors.
- c) He is to determine pricing of items sold in the store, with the mission of balancing the store's income with its expenses.

#### 7.11 DUTIES OF ADOPT AN INMATE

- a) Fulfill the request for literature from inmates.
- b) Purchase literature and postal supplies.
- c) Present spread sheet at monthly board meeting, showing the amount and the unit where the literature was sent, total cost and type of literature, receipts for postage.

## 7.12 COMPENSATION

Officers of the Corporation shall serve without compensation, but shall be entitled to reimbursement of reasonable expenses.

## SECTION 8. COMMITTEES

### 8.01 EXECUTIVE COMMITTEE.

The Board of Directors, by majority vote of its members, may designate three (3) or more of its number to constitute an Executive Committee and delegate to such Committee any of the powers and authority of the Board in the management of the business and affairs of the Corporation except the power adopt, amend, or repeal the By-Laws, and provided that the designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors of any individual Director, or any responsibility imposed on it or him by law, the Articles of Incorporation, or these By-Laws.

By a majority vote of its members, the Board may at any time modify or revoke any or all of the authority so delegated to the Executive Committee, increase or decrease but not below three (3) the number of Executive Committee members, and fill vacancies to the Executive Committee from the members of the Board.

The Committee shall establish rules and regulations for its meetings that are consistent with the provisions of Section 4.04, 4.05, 4.06, 4.08, 4.10, 4.11 and 4.12 of these By-Laws, and meet at such times and places as it deems appropriate, provided that a reasonable notice of all meetings of the Committee shall be valid unless approved by the vote or written consent of the majority of its members.

The Committee shall keep regular minutes of its proceedings and report the same to the Board from time to time as the Board may require.

### 8.02 AD HOC COMMITTEE.

An Ad Hoc Committee for each specific purpose or purposes may be designated from time to time by the Board. Each such committee shall be chaired by a Director from the Board.

Members of each such committee shall be appointed either from the Board of Directors or from the general fellowship of Narcotics Anonymous, as determined by the Chair unless otherwise

determined by the Board, in such number as the Chair deems advisable unless specified by the Board when such committee is created.

#### 8.03 TERMS OF OFFICE, VACANCIES, QUORUM AND RULES.

All members of each committee, including the Chairman thereof shall serve until the next election of Directors or until otherwise removed or the need or purpose for the committee is deemed by the Board terminated. Vacancies on any committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointments. A simple majority of each committee shall constitute a quorum at a meeting, and shall be the act of the whole. Each committee may adopt rules for its own government and procedure not inconsistent with law, these By-Laws, the Articles or rules and regulations adopted by the Board.

### SECTION 9. EXECUTIONS OF INSTRUMENTS, DEPOSITS OF FUNDS

#### 9.01 EXECUTION OF INSTRUMENTS.

The Board, except as otherwise provided in these By-Laws, may adopt by resolution authorization for any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and behalf of the Corporation and such authority may be general or confined to specific instances.

Unless so authorized, no officer, agent or employee shall have the power or authority to bind the Corporation by or to any contract or engagement or to pledge its credit or to render it liable peculiarly for any purpose or, in any sum.

#### 9.02 CHECKS AND NOTES.

Except as otherwise specifically determined by the Board, as provided in Section 9.01 or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money and other evidence of indebtedness of the Corporation shall be signed by the Treasurer and/or two other agents designated by the Board of Directors.

#### 9.03 DEPOSITS.

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select and direct. Funds donated to the Adopt an Inmate program shall be placed in a separate account and be only used for the Adopt an Inmate program.

#### 9.04 GIFTS.

The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.

## SECTION 10. CORPORATE RECORDS, REPORTS, AND SEAL

### 10.01 MINUTES OF MEETINGS.

The Corporation shall keep at its Principal Office or at such places the Board may order, a book or digital copy of minutes of all meetings of the Board, with the time and place of holding, whether regular or special, and if special, how authorized, the notice giving the names of those present at Board meetings, and the proceeding thereof.

### 10.02 BOOKS OF ACCOUNT.

The Corporation shall keep and maintain adequate and correct accounts of its properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.

### 10.03 INSPECTION OF RECORDS.

All Corporation records shall at all reasonable times be open to inspection by any Director or member of Narcotics Anonymous. Every Director or member of Narcotics Anonymous shall have the absolute right to inspect all books, records, documents of every kind and the physical properties of the Corporation at any reasonable time. Such inspection may be made in person or by agent or attorney and the right to inspection includes the right to make copies.

### 10.04 ANNUAL REPORT AND FINANCIAL STATEMENT.

An Agent so designated by the Board will provide for preparation and submission of a written annual report, including a financial statement. Such report shall summarize the Corporation's activities for the preceding year and activities projected for the forthcoming year. The financial statement shall consist of a balance sheet as of the close of the business of the Corporation's fiscal year, contain a summary of receipts and disbursements, be prepared in such a manner and form as is sanctioned by sound accounting practices and be certified by a public accountant.

### 10.05 CORPORATE SEAL.

The board may adopt, use, and at will alter, a Corporate seal. Such seal shall be affixed to all Corporate instruments, but failure to so affix it shall not affect the validity of any such instrument.

## SECTION 11. FISCAL YEAR

### 11.01 FISCAL YEAR.

The fiscal year for the Corporation shall be the general calendar year.

## SECTION 12. BYLAWS

### 12.01 EFFECTIVE DATE OF THE BY-LAWS.

These By-Laws shall become effective upon their adoption. Amendments hereto shall become effective immediately on their adoption unless the Board in adopting them provides that they are to become effective at some later date.

### 12.02 AMENDMENT.

Subject to any provisions of law applicable to amendment of By-Laws of non-profit Corporations, these By-Laws may be altered, amended or repealed and new By-Laws adopted as follows: Subject to the power of the Board to change or repeal them, by vote of a majority of Directors at a meeting at which a quorum is present, provided that written notice of such meeting and of the intention to change the By-Laws is delivered to each Director at least twenty (20) days prior to the date of such meeting as provided in Section 4.04, or by written consent of all Directors without a meeting as provided in Section. 4.10

### 12.03 CERTIFICATION AND INSPECTION.

The original, or a copy of the By-Laws as amended, or otherwise altered to date, certified by the Secretary of the Corporation, shall be recorded and kept in a book which shall be kept in the Principal Office of the Corporation.

Such record is and shall be made available to any and all duly authorized member or agents of Narcotics Anonymous. Or any members of our community.

## SECTION 13. AMENDMENT OF ARTICLES

The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest funds held by it according to the judgment of the Board, provided however, that no action shall be taken by or on behalf of the Corporation if such action is prohibited under Section 4941 through 4945 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax law or laws

## SECTION 14. DISTRIBUTION OF

## INCOME AND PROHIBITED TRANSACTIONS

### 14.01 DISTRIBUTION OF INCOME.

Notwithstanding any other provision of these By-Laws, the Corporation shall be subject to the following limitations and restrictions: The Corporation shall distribute its income for each taxable year at such time and in such manner as to not become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or such subsequent enactment dealing with this subject. The Corporation shall not engage in any act of self-dealing as defined in Section 4941 (d) of the Internal Revenue Code of 1954 ("I.R.C. '54"). The Corporation shall retain any excess business holdings as defined in Section 4943 (c) of the I.R.C. '54.

### 14.02 PROHIBITION AGAINST SHARING PROFITS OR ASSETS.

No member, Director, Officer, Employee or other person connected with this Corporation, or any other private individual, shall receive at any time any of the net earning or pecuniary profit from the operations of the Corporation, provided that this provision shall not prevent payment to any such person of reasonable compensation for services rendered to or for the Corporation affection of its purposes as shall be fixed by resolution of the Board. The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the I.R.C. '54. The Corporation shall not make any taxable expenditure as defined in Section 4945 of the I.R.C. '54.

## SECTION 15. AFFILIATION WITH OTHER ORGANIZATIONS

### 15.01 NARCOTICS ANONYMOUS.

This Corporation is a service which serves a function within the totality of an organization known as Narcotics Anonymous Society. In so doing, it endorses the aims, goals and purposes of that organization, and in fact, by special endorsement per Section 15.02, it operates under the principles of the "Twelve Traditions" as espoused by the Narcotics Anonymous Society.

### 15.02 TWELVE TRADITIONS.

All members, Directors and Officers of this Corporation shall be, and are subject to, and will abide by, the principles of the "Twelve Traditions" of Narcotics Anonymous Society as set forth in the book identified and entitled as "Narcotics Anonymous" and shall further abide by motions adopted at each HASO meeting and implement decisions reached by HASO as they pertain to the operation of the Corporation and shall consider motions adopted at each group meeting and also consider decisions reached by the groups as they pertain to the operation of the Corporation insofar as they do not conflict with HASO's Objective and purpose. It is herein specifically acknowledged that the Corporation acts as a fiduciary in its dealings with the fellowship of Narcotics Anonymous and the groups of Narcotics Anonymous. Any net proceeds of the Corporation which result from the sale of literature and/or other materials to the fellowship of Narcotics Anonymous or community (Local, state, national or international) shall be for the

benefit of furthering the objective and purpose of HASO. Any prudent reserve above \$8000.00 shall be donated to the Narcotics Anonymous service structure.

## SECTION 16. CONSTRUCTION

### 16.01 TERMS.

As used in these By-Laws:

- (a). The present tense includes the past and the future tenses, and the future tense includes the present.
- (b). The masculine gender includes the feminine and neuter genders.
- (c). The singular number includes the plural, and the plural includes the singular.
- (d). The word “shall” is mandatory and the word “may” is permissive.
- (e). The words “Directors” and “Board”, except in context specifically and expressly made otherwise applicable, shall mean directors of the Board of Directors of this Corporation and none other, as stated in Section 6.01 of these By-Laws.