CANADIAN FRIENDS OF OAXACA INC.

(Ontario Not-for-Profit Corporation # 1866676)

BY-LAW NO. 2

This by-law replaces By-Law No. 1 of CANFRO, initially adopted on February 13th, 2012, and adopted as amended on June 18th, 2012.

SECTION 1 – NAME AND OBJECTS

1.01 - Name

The name of the corporation is CANADIAN FRIENDS OF OAXACA INC. In minutes of meetings, in by-laws and in other organizational records, as well as in financial reports, other correspondence and promotional literature, it can be referred to by its full name or, alternatively, by the acronym of CANFRO.

1.02 - Objects

CANFRO is a public benefit corporation, organized exclusively for charitable purposes and specifically, according to its objects:

(1) to relieve poverty for needy people of Oaxaca, Mexico by providing basic amenities including housing, food, clothing, and other essential supplies;

(2) to promote health for needy people of Oaxaca, Mexico by providing medical care, including the provision of hearing aids;

(3) to advance education for young people in Oaxaca, Mexico by providing a tutoring program and by providing school fees, uniforms, educational aids, and accommodation for attendance at public educational institutions, and

(4) to undertake activities ancillary and incidental to the above-mentioned charitable purposes.

SECTION 2 – GENERAL

2.01 – Definitions

In this by-law and all other by-laws and corporate documents of CANFRO, unless the context otherwise requires:

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(a) “Act” means the Not-for-Profit Corporations Act, 2010 (Ontario) and, where the context requires, includes the regulations made under it, as amended, or re-enacted from time to time;

(b) “Articles” means Articles of Incorporation establishing CANFRO, formerly known as Letters Patent;

(c) “Board” means the board of directors of CANFRO;

(d) “By-laws” means this by-law (including any schedules to it) and all other by-laws of CANFRO that may be from time to time in force and effect;

(e) “Chair” means the chair of the board;

(f) “Corporation” means CANFRO, which has passed this by-law and will pass any others under the Act;

(g) “Director” means an individual occupying the position of director of CANFRO, by whatever name he or she is called;

(h) “Extraordinary resolution” means a decision made about CANFRO by the board, based upon 80% of votes;

(i) “Member” means a director of CANFRO;

(j) “Membership” means the collective board membership of CANFRO;

(k) “Officer” means a director of CANFRO who is appointed to act as an officer;

(l) “Ordinary resolution” means a decision made about CANFRO by the board, based upon a majority of votes;

(m) “Public benefit corporation” includes a charitable corporation that receives more than $10,000 a year in the form of either or both of (a) donations or gifts from persons who are not directors, members, officers, or employees of the corporation, and (b) grants or similar financial assistance from governments or agencies of governments, and

(n) “Special resolution” means a decision made about CANFRO by the board, based upon a 2/3 majority of votes.

2.02 – Interpretation

Other than as specified in section 2.01, all terms contained in this by-law that are defined in the Act shall have the meanings given to such terms by the Act. Words importing the singular include the plural and vice versa, and words importing one gender include all genders.

2.03 – Severability and Precedence

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions. If any of the provisions contained herein are inconsistent with those contained in the Articles or the Act, the provisions contained in the Articles, or the Act shall prevail.

2.04 - Execution of Documents

Deeds, transfers, assignments, contracts, obligations, and other instruments in writing requiring execution by CANFRO shall ordinarily be signed by any two of its officers or directors. However, the board may from time to time direct the way and the person or persons by whom a particular document or type of document shall be executed.

SECTION 3 – MEMBERSHIP

3.01 – Membership Requirements

Membership shall consist only of directors of the board of CANFRO.

Employees are not members of CANFRO and cannot participate in votes.

Volunteers are not members of CANFRO and cannot participate in votes.

3.02 – Membership Limitations

Membership in CANFRO is not transferable and automatically terminates if a member resigns or is otherwise removed in accordance with the Act.

SECTION 4 – BOARD OF DIRECTORS

4.01 – Role of Board

The board is responsible for the overall policy and direction of CANFRO and can delegate day-to-day operations to committees it duly establishes or agents or employees it duly retains.

4.02 – Size of Board

The board shall be composed of no fewer than four and no more than seven directors.

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4.03 – Directors' Responsibilities

Directors must comply with the Act and its regulations, CANFRO's Articles and by-laws. In exercising their duties, directors must act honestly and in good faith to serve the best interests of CANFRO and exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

Directors supervise the management of CANFRO. This means:

(a) ensuring that the purposes of CANFRO are carried out;
(b) setting CANFRO's long-range objectives;
(c) taking responsibility for all aspects of CANFRO's operations;
(d) ensuring CANFRO's financial stability, and
(e) supervising CANFRO's agents and employees.

4.04 – Election of Directors

Directors shall be elected by the membership at each annual meeting. The term of office of directors shall be from the date of the meeting at which they are elected or appointed until the next annual meeting or until their successors are elected or appointed.

4.05 – Terms of Office for Directors

Directors shall serve two-year or three-year terms of office but are eligible for re-election.

4.06 – Remuneration of Directors

No director shall directly or indirectly receive any profit from occupying the position of director, or from providing services to CANFRO in another capacity. However, directors may be reimbursed for reasonable expenses that they incur in either capacity.

4.07 – Vacancies among Directors

The office of a director shall be vacated immediately:

(a) if the director resigns office by written notice to CANFRO, which resignation shall be effective at the time it is received by CANFRO or at the time specified in the notice, whichever is later;

(b) if the director dies or becomes bankrupt;

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(c) If the director is found to be incapable by a court or incapable of managing property under Ontario law, or

(d) If, at a meeting of the membership, the membership by ordinary resolution removes the director before the expiration of the director's term of office.

4.08 – Filling Vacancies among Directors

A vacancy on the board shall be filled by a vote of a quorum of remaining directors. This vote can be taken at a regular or special meeting of the board and affirmed at the next annual meeting.

Any person can be a director so long as they are at least 18 years of age, not bankrupt, and not mentally incapable of managing property.

SECTION 5 – BOARD MEETINGS

5.01 – Calling of Board Meetings

Meetings of the board may be called by the chair of the board, the president of CANFRO or by any two directors thereof on notice as required by this by-law.

5.02 – Notice of Board Meetings

Subject to the Act, not less than 10 days written notice of any regular, annual, or special meetings of the board shall be given to each director of CANFRO and to the auditor or any person appointed to conduct a financial review thereof.

Any notice to be sent to a director of CANFRO or to the auditor or any person appointed to conduct a financial review thereof, shall be delivered personally, either orally or in writing, or sent by mail, email, facsimile, or other electronic means to the latest address shown in CANFRO records.

Notice of any meeting where special business will be transacted must contain sufficient information to permit the members to form a reasoned judgement on the decision to be taken and state the text of any special resolution to be submitted to the meeting.

5.03 – Error in Notice of Board Meetings

An accidental omission to give notice to any director, officer, committee member, auditor or person conducting a review engagement, if any, or the non-receipt of notice by any such person where CANFRO has provided notice in accordance with the by-laws, or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting to which the notice pertained.

5.04 – Chair of Board Meetings

The president of CANFRO is the chair of the board unless the directors decide otherwise by ordinary resolution passed at a board meeting. The chair shall preside at board meetings. In the absence of the chair, the board members shall choose one of them to act as chair.

5.05 – Quorum for Board Meetings

A quorum for the transaction of business at board meeting is a simple majority of directors present, either in person or by proxy.

5.06 – Regular Board Meetings

The board shall hold regular meetings three times each year at agreed upon dates, places, and times, ordinarily in February and in June and immediately following the annual meeting.

5.07 – Special Board Meetings

Special meetings of the board can be called as needed.

5.08 – Annual Board Meetings

The board shall hold its annual meeting in Ontario, in the early autumn of each year, usually in September. The meeting may be held at a place outside Ontario if all directors agree to that place.

Not less than 5 business days before the meeting, any director, upon request, shall be provided with copies of the approved financial statements, auditor's report or review engagement report and other financial information required by the Articles or by-laws.

The business transacted at the annual meeting shall include:

(a) receipt and approval of the agenda;

(b) receipt and approval of the minutes of the previous annual meeting and special meetings held between annual meetings;

(c) receipt of officers' reports;

(d) receipt of financial statements and any report of the auditor or person who has

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been appointed to conduct a review engagement (if not included in officers' reports), as well as any further information, if any, regarding CANFRO's financial position;

(e) passage of any extraordinary resolutions needed respecting financial reporting requirements;

(f) receipt of reports of activities in CANFRO projects;

(g) reappointment or new appointment of the auditor or person to conduct a review engagement for the coming year;

(h) election of directors, and

(i) such other or special business as may be set out in the notice of meeting.

No other item of business shall be included on the agenda for the annual meeting unless a director's proposal has been given to the secretary of the board prior to the giving of notice of the annual meeting in accordance with the Act, so that such item of new business can be included in the notice of annual meeting.

5.09 – Voting at Board Meetings

Business arising at any board meeting shall be decided by a majority of votes unless otherwise required by the Act or the by-laws provided that:

(1) each member shall be entitled to one vote at any meeting and proxy votes are permitted;

(2) votes shall be taken by a show of hands among all members present and the chair of the meeting shall have a vote;

(3) an abstention shall not be considered a vote cast;

(4) if there is a tie vote the motion under consideration is lost, and

(5) whenever a vote by show of hands is taken on a motion, a declaration by the chair that a resolution has been carried or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact.

5.10 – Electronic Participation in Board Meetings

If all directors consent, a director, some directors, or all of them may participate in a meeting of the board by electronic means that permit all participants to communicate

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adequately with each other during the meeting. A director or directors participating by such means are deemed present at the meeting.

5.11 – Persons Entitled to Attend Board Meetings

The only persons entitled to attend board meetings are directors, officers, the auditor, or the person who has been appointed to conduct a review engagement of CANFRO, if any, others entitled or required to attend under the Act or the by-laws, and any other person invited to attend by the chair or with the majority consent of members present at the meeting.

SECTION 6 – OFFICERS

6.01 – Appointment of Officers

Officers must be directors of CANFRO**.**

The board shall appoint a chair from among the directors and may appoint any other person to be president, treasurer, and secretary at its first meeting following the annual meeting.

The office of treasurer and secretary can be held by the same person and may be known as the secretary-treasurer. The office of the chair and president can also be held by the same person. The board may appoint a vice president of finance and such other officers as it deems necessary. They shall have the authority and perform the duties prescribed for them from time to time by the board.

6.02 – Removal of Officers

Any officer shall cease to hold office upon resolution of the board. Unless so removed, an officer shall hold office until the earliest of the officer's successor being appointed, the officer's resignation or the officer's incapacity.

6.03 – Duties of Officers

Officers shall be responsible for the duties assigned to them by the board and may delegate to others the performance of any or all such duties, provided the board is advised thereof.

Officers must comply with the Act and its regulations, CANFRO's articles and by-laws. Section 43 of the Act requires that, in exercising their duties, officers must act honestly and in good faith to serve the best interests of CANFRO and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

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6.04 – Duties of the Chair

The chair shall ordinarily preside at board meetings and perform such other duties as may be required by law or as the board may determine from time to time.

6.05 – Duties of the President

The president shall perform the duties described in Schedule A hereto, as well as such other duties as may be required by law or as the board may determine from time to time.

6.06 – Duties of the Treasurer

The treasurer shall perform the duties described in Schedule B hereto, as well as such other duties as may be required by law or as the board may determine from time to time.

6.07 – Duties of the Secretary

The secretary shall perform the duties described in Schedule C hereto, as well as such other duties as may be required by law or as the board may determine from time to time.

SECTION 7 – COMMITTEES

7.01 – Establishment

The board may create standing or ad hoc committees it considers necessary for the execution of its responsibilities. The chair of any committee must be a director of the board, as must be the majority of committee members. The role of all committees is advisory only. Committee recommendations must be approved by the board.

SECTION 8 – AGENTS and EMPLOYEES

8.01 – Appointment and Engagement of Agents and Employees

The board may appoint agents and engage employees in Oaxaca, Mexico to represent its interests and to assist with carrying out its mandate. Each agent and employee shall be vetted and approved by the board and enter into a formal agency or employment agreement. This agreement may be updated and renewed from time to time.

SECTION 9 – PROTECTION OF DIRECTORS AND OTHERS

9.01 – Insurance

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Pursuant to the C*harities Accounting Act* and its associated regulations, as long as its directors act within the scope of their authority, in good faith, and respecting their duties as such, CANFRO can purchase and maintain liability insurance against any liability incurred by an individual in the individual's capacity as a director or officer of the corporation. CANFRO can, in the alternative, obtain an order of the court authorizing such a purchase.

9.02- Indemnification

No director, officer or committee member of CANFRO is liable for the acts or neglects of any other director, officer, committee member, agent, or employee of CANFRO, or for joining in any receipt, or for any loss, damage or expense happening to CANFRO through the insufficiency or deficiency of title to any property acquired by resolution of the board or for or on behalf of CANFRO, or for the insufficiency or deficiency of any security in or upon which any of the money of or belonging to CANFRO shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom any moneys, securities or effects shall be lodged or deposited or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office or trust provided that they have complied with the Act and CANFRO's Articles and by-laws and exercised their powers and discharged their duties in accordance with the Act.

SECTION 10 – CONFLICTS OF INTEREST

No director shall, directly or through an associate, receive a financial benefit, through a contract or otherwise, from CANFRO unless the provisions of the Act and the law applicable to charitable corporations are complied with fully.

SECTION 11 – DISCIPLINE AND TERMINATION

11.01 – Generally

Upon 15 days' written notice to a member, the board may pass a resolution authorizing disciplinary action or the termination of membership for violating any provision of the Articles or by-laws. The notice shall set out the reasons for the disciplinary action or termination of membership. The member receiving the notice shall be entitled to give the board a written submission opposing the disciplinary action or termination not less than 5 days before the end of the 15-day period. The board shall consider the written submission of the member before making a final decision regarding disciplinary action or termination of membership.

SECTION 12 – BANKING AND FINANCES

12.01 – Banking

By ordinary resolution, the board shall, from time to time, by designate the bank in which the money, bonds, or other securities of CANFRO shall be placed for safekeeping.

12.02 – Fiscal Year

The fiscal year of CANFRO commences on August 1st each year and terminates on July 31st in the next.

12.03 – Financial Reporting and Audits

As a public benefit corporation that receives less than $100,000 in a year, CANFRO can waive both an audit and a financial review by passing an extraordinary resolution at an annual meeting.

As a public benefit corporation that receives less than $500,000 in a year, CANFRO can have a financial review engagement by passing an extraordinary resolution at an annual meeting. If CANFRO receives more than $500,000 in a year, an audit is required.

Extraordinary resolutions must be renewed at every annual meeting.

A financial review engagement or an audit must be completed by a certified public accountant who is independent of CANFRO.

12.04 – Profit Making

CANFRO can earn a profit through commercial activities (sale of goods or ticket prices for events) if all such profits are reinvested to support its purposes.

SECTION 13 – AMENDMENT OF BY-LAWS

CANFRO by-laws may be amended or created in accordance with the Act by a 2/3 majority of the board. A proposal to amend a by-law or to create one must be submitted to the secretary in writing. The secretary will then send the proposal to board members with notice of the next board meeting.

SECTION 14 – ADJOURMENTS OF MEETINGS IN PROGRESS

The chair may, with the majority consent of any members, adjourn a meeting in progress. The members must be provided with notice of the adjourned meeting. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting.

This bylaw was approved at a meeting of the Board of Directors of CANFRO on February 19th, 2024.

SCHEDULE A

Position Description of the President

Role Statement

The president provides leadership to the board, ensures the integrity of the board's process, and represents the board to outside parties.

The president co-ordinates board activities in fulfilling its governance responsibilities and facilitates co-operative relationships among directors.

The president ensures the board discusses all matters relating to the board's mandate.

Responsibilities

Agendas. Establish agendas aligned with annual board goals and preside over board meetings if also holding the office of Chair. Ensure meetings are effective and efficient for the performance of governance work. Ensure that a schedule of board meetings is prepared annually.

Direction. Serve as the board's central point of communication.

Performance Appraisal. Lead the board in monitoring and evaluating the performance, as appropriate, through an annual process.

Work Plan. Ensure that a board work plan is developed and implemented that includes annual goals for the board and embraces continuous improvement.

Representation. Serve as the board's primary contact with the public.

Reporting. Report regularly to the board on issues relevant to its governance responsibilities.

Board Conduct. Set a high standard for board conduct and enforce policies and by-laws concerning directors' conduct.

Mentorship. Serve as a mentor to other directors. Ensure that all directors contribute fully. Address issues associated with underperformance of individual directors.

Succession Planning. Ensure succession planning occurs for the board.

Committee Membership. Serve as a member on all board committees.

SCHEDULE B

Position Description of the Treasurer

Role Statement

The treasurer works collaboratively with the president to support the board in achieving its fiduciary responsibilities.

Responsibilities

Custody of Funds. The treasurer shall have the custody of the funds and securities of CANFRO and shall keep full and accurate accounts of all its assets, liabilities, receipts and disbursements in the books belonging CANFRO and shall deposit all monies, securities and other valuable effects in the name and to the credit of CANFRO in such chartered bank or trust company, or, in the case of securities, in such registered dealer in securities as may be designated by the board from time to time. The treasurer shall disburse the funds of CANFRO as may be directed by proper authority taking proper vouchers for such disbursements and shall render to the chair and directors at the regular meeting of the board, or whenever they may require it, an accounting of all the transactions and a statement of the financial position, of CANFRO. The treasurer shall also perform such other duties as may from time to time be directed by the board.

Board Conduct. Maintain a high standard for board conduct and uphold policies and by-laws regarding directors' conduct, with particular emphasis on fiduciary responsibilities.

Mentorship. Serve as a mentor to other directors.

Financial Statement. Present to the membership, at the annual meeting as part of the annual report, the financial statement of CANFRO approved by the board together with the report of the auditor or of the person who has conducted the review engagement, as the case may be.

SCHEDULE C

Position Description of the Secretary

Role Statement

The secretary works collaboratively with the president to support the board in fulfilling its fiduciary responsibilities.

Responsibilities

Board Conduct. Support the president in maintaining a high standard for board conduct and uphold policies and the by-laws regarding directors' conduct, with particular emphasis on fiduciary responsibilities.

Document Management. Keep a roll of the names and addresses of the members. Ensure the proper recording and maintenance of minutes of all meetings of CANFRO's board and board committees. Attend to correspondence on behalf of the board. Have custody of all minute books, documents, and registers and ensure that they are maintained as required by law. Ensure that all reports are prepared and filed as required by law or requested by the board.
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Meetings. Give such notice as required by the by-laws of all meetings of the board and board committees. Attend all meetings of the board and any relevant board committees.