

THE CORPORATE BYLAWS OF THE SCARLET THREAD

ARTICLE I

NAME

The name of this corporation shall be **The Scarlet Thread**. The business of the corporation may be conducted as, **The Scarlet Thread**, or Joshua2.org .

ARTICLE II

DURATION

The period of duration of the corporation is perpetual.

ARTICLE III

PURPOSE

3.01 Purpose

The Scarlet Thread is a non-profit corporation and shall operate exclusively for charitable and religious purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future Federal tax code.

The Scarlet Thread ministry strives to avert the cultural hindrances that contribute to the selling of humans for sexual purposes, restore them through God's word and Christ's example and give them purpose through the power of faith in order that they may see their value and self-worth in Him.

Our heart's desire is to deflect the norms and negative realities by introducing positive role models both male and female that will provide mentoring and discipleship in a safe and Godly environment.

By weaving **The Scarlet Thread** of Christ through the torn and broken lives we encounter we believe love, acceptance and renewal can flourish.

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

3.02 Public Benefit

The Scarlet Thread is designated as a public benefit corporation.

ARTICLE IV

STATEMENTS OF BELIEF

4.01 About God

God is the Creator and Ruler of the universe. He has eternally existed in three persons: the Father, the Son, and the Holy Spirit. These three are co-equal and are one God. (Genesis 1:1, 26-27, 3:2; Psalm 90:2; Matthew 28:19; 1 Peter 1:2; 2 Corinthians 13:14)

4.02 About Jesus Christ

Jesus Christ is the Son of God, as well as God the Son. He is co-equal with the Father. Jesus lived a sinless human life and willingly offered Himself as the perfect sacrifice for the sins of all people by dying on a cross. He arose from the dead after three days to demonstrate His power over sin and death. He ascended to heaven and will return again soon to reign as King of Kings and Lord of Lords. As believers in Jesus Christ, we have the assurance of being with Him forever. (Matthew 1:22-23; Isaiah 9:6; John 1:1-5, 14:10-30; Hebrews 4:14-15; 1 Corinthians 15:3-4; Romans 1:3-4; Acts 1:9-11; 1 Timothy 6:14-15; Titus 2:13)

4.03 About the Holy Spirit

The Holy Spirit is co-equal with the Father and the Son of God. He is present in the world to make all mankind aware of their need for Jesus Christ as Savior. He also dwells within every Christian from the moment of salvation. He provides the Christian with power for living, understanding spiritual truth, and guidance in doing what is right. He gives believers spiritual gifts when they are saved. As Christians we seek to live under the authority and power of the Holy Spirit daily. (2 Corinthians 3:17; John 16:7-13, 14:16-17; Acts 1:8; 1 Corinthians 2:12, 3:16; Ephesians 1:13, 5:8; Galatians 5:25)

4.04 About the Bible

The Bible is God's Word to us. It was written by human authors, under the supernatural guidance of the Holy Spirit. It is the supreme authority and source of truth for Christians' beliefs and living. Because it is inspired by God, it is the truth without any error. (2 Timothy 3:16; 2 Peter 1:20-21; 2 Timothy 1:13; Psalm 119:105, 119:160; Proverbs 30:5)

4.05 About Human Beings

People are made in the spiritual image of God, to be like Him in character and person. People are the supreme object of God's creation. Although every person has the potential for good, all of us are flawed by an attitude of disobedience toward God that the Bible calls "sin." This attitude separates people from God, and reveals our need for forgiveness only made possible by way of salvation through Jesus Christ alone. (Genesis 1:27; Psalm 8:3-6; Isaiah 53:6a; Romans 3:23; John 14:6)

4.06 About Salvation

Salvation is God's free gift to us, but we must choose to receive it. We can never make up for our sin by self-improvement or good works. Only by trusting in Jesus Christ and receiving

God's offer of forgiveness can anyone be saved from sin's penalty, which is separation from God for all eternity spent in a literal place the Bible calls "Hell." When we turn from our self-ruled life and surrender to Jesus Christ in faith, we are saved. Eternal life begins the moment a person receives the free gift of salvation in Jesus Christ, by faith. (Colossians 1:18; Ephesians 4:4-6; Acts 1:5, 11:15-16; 1 Corinthians 12:13; 1 Thessalonians 4:13-17; Matthew 16:18, 28:19; 1 Corinthians 11:24-26)

4.07 About Eternity

People are created to live forever. We will either exist eternally separated from God by sin, or eternally with God through forgiveness and salvation. To be eternally separated from God is eternal death. To be eternally in relationship with Him is eternal life. Heaven and Hell are real places of eternal existence. (John 3:16, 2:25, 5:11-13; Romans 6:23; Revelation 20:15; Matthew 1:8, 2:44-46)

4.08 About Marriage

God, not man, created marriage. Marriage was the first institution designed by God. The Bible teaches that the covenant of marriage is sacred and lifelong. The Bible makes it clear that marriage is a legally binding public declaration of commitment and a private consummation between one man and one woman, never between the same sex. Therefore, God gives a wife to a husband and a husband to a wife, and they are to receive one another as God's unique and personal provision to help meet their mutual needs. God created marriage for the purpose of couples glorifying God as one flesh, parenting godly children, and enjoying sexual pleasure. As iron sharpens iron, God uses marriage to sharpen a man and a woman into the image of Jesus Christ. Just as the Trinity reflects equal worth with differing roles, God created a man and a woman with equal worth but with differing roles and responsibilities in marriage. Finally, the marriage commitment must be upheld in our culture as that sacred institution of God in which men and women can experience the truest sense of spiritual, emotional, and physical intimacy, so that the two can become one. (Genesis 2:18-25; Ephesians 5:30-32; 1 Corinthians 7:3; Matthew 19:4-6; Mark 10:6-9, 12:25; Proverbs 27:17; Romans 1:26-27, 8:29; Hebrews 13:4; Matthew 22:30; Deuteronomy 24:5; Song of Solomon)

ARTICLE V

MEMBERSHIP

5.01 Membership

The Scarlet Thread shall have no members. The management of the affairs of the corporation shall be vested in a board of directors, as defined in the corporation's bylaws.

ARTICLE V

NON-PROFIT NATURE

6.01 Non-profit Nature

The Scarlet Thread is organized exclusively for charitable and religious purposes including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501 (c) (3) of the Internal Revenue Code, or corresponding section of any future federal tax code. No part of the net assets, receipts, or net earnings of **The Scarlet Thread** shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions consistent with these Articles. **The Scarlet Thread** is not organized and shall not be operated for the private gain of any person. The property of the corporation is irrevocably dedicated to its charitable and religious purposes.

Notwithstanding any other provision of this document, the corporation shall not carry on any other activities not permitted to be carried on (a) by any organization exempt from federal income tax under section 501 (c) (3) of the Internal Revenue Code, corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under section 170 (c) (2) of the Internal Revenue Code, or corresponding section of any future federal tax code.

6.02 Personal Liability

No officer or director of this corporation shall be personally liable for the debts or obligations of **The Scarlet Thread** of any nature whatsoever, nor shall any of the property or assets of the officers or directors be subject to the payment of the debts or obligations of this corporation.

6.03 Dissolution

Upon termination or dissolution of the **The Scarlet Thread**, any assets lawfully available for distribution shall be distributed to one (1) or more qualifying organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (or described in any corresponding provision of any successor statute) which organization or organizations have a charitable purpose which, at least generally, includes a purpose like the terminating or dissolving corporation.

6.04 Prohibited Distributions

No part of the net earnings, or properties of this corporation, on dissolution or otherwise, shall inure to the benefit of, or be distributable to, its members, directors, officers or other private person or individual, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article V, Section 6.01.

6.05 Restricted Activities

No substantial part of the corporation's activities shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene (including the publishing or distribution of statements) in any political campaign

on behalf of or in opposition to any candidate for public office to an extent that would disqualify it from tax exemption under section 501 (c)(3) of the Internal Revenue Code.

6.06 Prohibited Activities

Notwithstanding any other provision of these Articles, the corporation shall not carry on any activities not permitted to be carried on (I) by a corporation exempt from federal income tax as an organization described by Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (II) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

ARTICLE VII

BOARD OF DIRECTORS

7.01 Number of Directors

The Scarlet Thread shall have a board of directors consisting of at least 4 and no more than 9 directors. Within these limits, the board may increase or decrease the number of directors serving on the board, including for the purpose of staggering the terms of directors.

7.02 Powers

All corporate powers shall be exercised by or under the authority of the board and the affairs of **The Scarlet Thread** shall be managed under the direction of the board, except as otherwise provided by law.

7.03 Terms

- a) All directors shall be elected to serve a three-year term; however, the term may be extended until a successor has been elected.
- b) Director terms shall be staggered so that approximately half the number of directors will end their terms in any given year.
- c) Directors may serve terms in succession.
- d) The term of office shall be considered to begin January 1 and end December 31 of the third year in office, unless the term is extended until such time as a successor has been elected.

7.04 Qualifications and Election of Directors

To be eligible to serve as a director on the board of directors, the individual must be 18 years of age, an affiliate within affiliate classifications created by the board of directors, and in agreement with the Statements of Beliefs in Article IV of these bylaws. Directors may be elected at any board meeting by a unanimous approval vote of the existing board of directors. The election of directors to replace those who have fulfilled their term of office shall take place in January of each year.

7.05 Vacancies

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

Unexpected vacancies in the board of directors due to resignation, death, or removal shall be filled by the board for the balance of the term of the director being replaced.

7.06 Removal of Directors

A director may be removed by two-thirds vote of the board of directors then in office. If the director is absent and unexcused from two or more meetings of the board of directors in a twelve-month period, then the director is deemed to have removed him/herself. The board president is empowered to excuse directors from attendance for a reason deemed adequate by the board president. The president shall not have the power to excuse him/herself from the board meeting attendance and in that case, the secretary or treasurer shall excuse the president.

7.07 Board of Directors Meetings.

- a) Regular Meetings. The board of directors shall have a minimum of four (4) regular meetings each calendar year. Board meetings shall be held upon seven (7) day notice by mail, email, phone, or private message. Notice of meetings shall specify the place, day, and hour of meeting. The purpose of the meeting need not be specified.
- b) Special Meetings. Special meetings of the board may be called by the president, secretary, or treasurer, or any two (2) other directors of the board of directors. A special meeting must be preceded by at least four (4) day notice to each director of the date, time, and place, but not the purpose, of the meeting.
- c) Waiver of Notice. Any director may waive notice of any meeting, in accordance with Texas law.

7.08 Manner of Acting.

- a) Quorum. A majority of the directors in office immediately before a meeting shall constitute a quorum for the transaction of business at that meeting of the board. No business shall be considered by the board at any meeting at which a quorum is not present.
- b) Majority Vote. Except as otherwise required by law or by the articles of incorporation, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board.
- c) Hung Board Decisions. On the occasion that directors of the board are unable to make a decision based on a tied number of votes, the president, secretary, or treasurer in the order of presence shall have the power to swing the vote based on his/her discretion.
- d) Participation. Except as required otherwise by law, the Articles of Incorporation, or these Bylaws, directors may participate in a regular or special meeting through the use of any means of communication by which all directors participating may

simultaneously hear each other during the meeting, including in person, internet video meeting or by telephonic conference call.

7.09 Compensation for Board Service

Directors shall receive no compensation for carrying out their duties as directors. The board may adopt policies providing for reasonable reimbursement of directors for expenses incurred in conjunction with carrying out board responsibilities, such as travel expenses to attend board meetings, or visiting **The Scarlet Thread** ministry locations around the world.

7.10 Compensation for Professional Services by Directors

Directors are not restricted from being remunerated for professional services provided to the corporation. Such remuneration shall be reasonable and fair to the corporation and must be reviewed and approved in accordance with the board Conflict of Interest Policy and state law. All remuneration must be approved, in advance, by the board of directors.

ARTICLE VIII

COMMITTEES

8.01 Composition

The Board may designate committees and appoint committee members. Committees shall consist of at least two (2) individuals. Those committees which exercise the authority of the Board shall consist only of Directors. An Executive Committee established under this paragraph, having and exercising the full power of the Board must consist of a minimum of three (3) Directors.

8.02 Procedures & Authority

For both types of committees, the Board may make provisions for appointment of the Chair, establish procedures to govern their activities, and delegate authority as may be necessary or desirable for the efficient management of the property, affairs, business, and/or activities of the Corporation.

8.03 Non-delegation of Fiduciary Duty

The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him or her by law.

ARTICLE IX

OFFICERS

9.01 Board Officers

The officers of the corporation shall be a board president, secretary, and treasurer, all of whom shall be chosen by, and serve at the pleasure of, the board of directors. Each board

officer shall have the authority and shall perform the duties set forth in these Bylaws or by resolution of the board or by direction of an officer authorized by the board to prescribe the duties and authority of other officers. One person may not hold more than one board office.

9.02 Term of Office

Each officer shall serve a three-year term of office and may serve more than one term of office. Unless unanimously elected by the board at the end of his/her three (3) year term or to fill a vacancy in an officer position, each board officer's term of office shall begin upon the adjournment of the board meeting at which elected and shall end upon the adjournment of the board meeting during which a successor is elected.

9.03 Removal and Resignation

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

9.04 Board President

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

9.05 Secretary

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

9.06 Treasurer

The treasurer shall be the lead director for oversight of the financial condition and affairs of the corporation. The treasurer shall oversee and keep the board informed of the financial condition of the corporation and of audit or financial review results. In conjunction with other directors or officers, the treasurer shall oversee budget preparation and shall ensure that appropriate financial reports, including an account of major transactions and the financial condition of the corporation, are made available to the board of directors on a timely basis or as may be required by the board of directors. The treasurer shall perform all

duties properly required by the board of directors or the board president. The treasurer may appoint, with approval of the board a qualified fiscal agent or member of the staff to assist in performance of all or part of the duties of the treasurer.

ARTICLE X

CONTRACTS, CHECKS, LOANS, DEPOSITS AND INDEMNIFICATION

10.01 Contracts and other Writings

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

10.02 Checks, Drafts

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

10.03 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, or other depository as the board or a designated committee of the board may select.

10.04 Loans

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

10.05 Indemnification

The Corporation agrees to indemnify, defend and save harmless the board members, its officers, directors and employees, from and against all liability, loss, cost or expense (including attorney's fees) by reason of liability imposed upon the Client, arising out of or related to organization's activities, whether caused by or contributed to by the members or any other party indemnified herein, unless caused by the sole negligence of the member or any other party indemnified herein.

ARTICLE XI

CONFLICT OF INTEREST POLICY

8.01 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 Corporations.

11.02 Definitions

"Interested Person": Any Director, principal officer, or member of a committee with Board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

"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. Is considering an ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

"Compensation": Direct and indirect remuneration, including gifts or favors that are not insubstantial.

"Conflict of Interest": A conflict between the personal or financial interests and the official or professional responsibilities of a person in a position of trust. A "Conflict of interest" includes situations in which the employee, family member, or board member has a financial interest in the business or individual selected for the contract. A financial interest is not necessarily a conflict of interest. Under Section 8.03 (b), a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

11.03 Procedures

Duty to Disclose: If an actual or possible conflict of interest arises, 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 considering the proposed transaction or arrangement.

Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest, whether direct or indirect, disclosure of all material facts, and after any discussion with the interested person, he or she shall leave the 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.

Procedures for Addressing the Conflict of Interest:

- a) An interested person may make a presentation at the Board or committee meeting, but after the presentation he or 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 Chair or President of the 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 Board or committee shall determine whether the Corporation 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 Board or committee shall determine by a majority vote of the disinterested Directors or committee members whether the transaction or arrangement is in the Corporation'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.

Violations of the Conflicts of Interest Policy:

- a) If the 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 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.

11.04 Records of Proceedings

The minutes of the 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 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.

ARTICLE XII

FINANCIAL ADMINISTRATION

12.01 Fiscal Year

The fiscal year of the Corporation shall be January 1 to December 31 but may be changed by resolution of the Board.

12.02 Loans to Management

The Corporation will make no loans to any of its Directors or Officers.

12.03 Checks, Drafts, and Contracts

The Board of Directors shall determine who shall be authorized to sign checks, drafts, or other orders for payment of money; to sign acceptances, notes, or other instruments of indebtedness; to enter into contracts; or to execute and deliver other documents and instruments on the Corporation's behalf.

- a. Checks: All checks drawn on the funds of the Corporation must be signed by a member of the Board of Directors.
- b. Approval of Contracts: The Board of Directors shall approve any contract that creates a financial obligation on behalf of the Corporation in advance of acceptance of the contract.

12.04 Reimbursement

Requests for reimbursement by any member of the Board of Directors, officer, or agent, must be submitted within 6 months of the date the expense is incurred. The request for reimbursement must be accompanied by receipts and any other supporting documents matching the amount requested for reimbursement.

12.05 Annual Financial Statements

Complete financial statements prepared in conformity with generally accepted accounting principles (GAAP), accompanied by an audit report of an independent certified public accountant, may be presented to and reviewed by the Board after the close of each fiscal year. Financial statements should include: (i) significant categories of contributions and other income; (ii) expenses reported in categories corresponding to the description of major programs and activities contained in the Corporation's annual report, solicitations and other informational materials; (iii) a detailed schedule of expenses by natural classification (e.g., salaries, employee benefits, occupancy, postage, etc.), representing the natural expenses incurred for each major program and supporting activity; (iv) accurate presentation of all fund-raising and administrative costs; and (v) total costs and the basis for allocating any fund-raising or other expenses associated with multi-purpose activities (e.g., fund raising combined with social advocacy or public education campaigns).

12.06 Audit

The Board of Directors may authorize an audit of the Corporation.

12.07 Procurement Policy

The policies and procedures below will be followed when equipment, materials, supplies, property, or services are purchased for the day to day activities and ministry of **The Scarlet Thread**:

- a. **Conflict of Interest:** All directors, employees, or agents who participate in the selection or acceptance of a contract for equipment, materials, supplies, or services must comply with the Conflict of Interest Policy set forth in Article XI of these Bylaws. No director, employee, or agent will participate in the selection or acceptance of a contract involving a conflict of interest without the approval of the board.
- b. **Purchase of Items for Personal Use:** Directors, employees, or agents who participate in the selection or acceptance of a contract for equipment, materials, supplies, or services shall not use such items for personal use.
- c. **Receipt of Gratuities:** Directors, employees, or agents of **The Scarlet Thread** shall not solicit or accept gratuities, favors, or anything of value from contractors, potential contractors, or parties to agreements with the nonprofit.
- d. **Purchase of Items Not Approved in the Budget:** Directors, employees, or agents shall not solicit or accept any equipment, materials, supplies, or services that have not been approved by the Board of Directors in the annual budget without prior approval of the board.

12.01 Books and Records

The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of all meetings of its board of directors. In addition, the corporation shall keep a copy of the corporation's Articles of Incorporation and Bylaws as amended to date.

ARTICLE XII

COUNTERTERRORISM AND DUE DILIGENCE POLICY

In furtherance of its exemption by contributions to other organizations, domestic or foreign, **The Scarlet Thread** shall stipulate how the funds will be used and shall require the recipient to provide the corporation with detailed records and financial proof of how the funds were utilized.

Although adherence and compliance with the US Department of the Treasury's publication the "Voluntary Best Practice for US. Based Charities" is not mandatory, **The Scarlet Thread** willfully and voluntarily recognizes and puts to practice these guidelines and suggestions to reduce, develop, re-evaluate and strengthen a risk-based approach to guard against the threat of diversion of charitable funds or exploitation of charitable activity by terrorist organizations and their support networks.

The Scarlet Thread shall also comply and put into practice the federal guidelines, suggestion, laws and limitation set forth by pre-existing U.S. legal requirements related to combating terrorist financing, which include, but are not limited to, various sanctions programs administered by the Office of Foreign Assets Control (OFAC) in regard to its foreign activities.

ARTICLE XIV

DOCUMENT RETENTION POLICY

14.01 Purpose

The purpose of this document retention policy is establishing standards for document integrity, retention, and destruction and to promote the proper treatment of **The Scarlet Thread** records.

14.02 Policy

Section 1. General Guidelines. Records should not be kept if they are no longer needed for the operation of the business or required by law. Unnecessary records should be eliminated from the files. The cost of maintaining records is an expense which can grow unreasonably if good housekeeping is not performed. A mass of records also makes it more difficult to find pertinent records.

From time to time, **The Scarlet Thread** may establish retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that warrant special consideration are identified below. While minimum retention periods are established, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention, as well as the exception for litigation relevant documents and any other pertinent factors.

Section 2. Exception for Litigation Relevant Documents. **The Scarlet Thread** expects all officers, directors, and employees to comply fully with any published records retention or destruction policies and schedules, provided that all officers, directors, and employees should note the following general exception to any stated destruction schedule: If you believe, or the **The Scarlet Thread** informs you, that corporate records are relevant to litigation, or potential litigation (i.e. a dispute that could result in litigation), then you must preserve those records until it is determined that the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records.

Section 3. Minimum Retention Periods for Specific Categories

- a. Corporate Documents. Corporate records include the corporation's Articles of Incorporation, By-Laws and IRS Form 1023 and Application for Exemption.

Corporate records should be retained permanently. IRS regulations require that the Form 1023 be available for public inspection upon request.

- b. Tax Records. Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of contributions made by donors, accounting procedures, and other documents concerning the corporation's revenues. Tax records should be retained for at least seven years from the date of filing the applicable return.
- c. Employment Records/Personnel Records. State and federal statutes require the corporation to keep certain recruitment, employment and personnel information. The corporation should also keep personnel files that reflect performance reviews and any complaints brought against the corporation or individual employees under applicable state and federal statutes. The corporation should also keep in the employee's personnel file all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel. Employment applications should be retained for three years. Retirement and pension records should be kept permanently. Other employment and personnel records should be retained for seven years.
- d. Board and Board Committee Materials. Meeting minutes should be retained in perpetuity in the corporation's minute book. A clean copy of all other Board materials should be kept for no less than three years by the corporation.
- e. Press Releases/Public Filings. The corporation should retain permanent copies of all press releases and publicly filed documents under the theory that the corporation should have its own copy to test the accuracy of any document a member of the public can theoretically produce against the corporation.
- f. Legal Files. Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of ten years.

Section 4. Electronic Mail. E-mail that needs to be saved should be either:

- a. printed in hard copy and kept in the appropriate file; or
- b. downloaded to a computer file and kept electronically or on disk as a separate file. The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

ARTICLE XV

Transparency and Accountability
Disclosure of Financial Information With The General Public

15.01 Purpose

By making full and accurate information about its mission, activities, finances, and governance publicly available, **The Scarlet Thread** practices and encourages transparency and accountability to the general public. This policy will:

- a. indicate which documents and materials produced by the corporation are presumptively open to staff and/or the public
- b. indicate which documents and materials produced by the corporation are presumptively closed to staff and/or the public
- c. specify the procedures whereby the open/closed status of documents and materials can be altered.

The details of this policy are as follow:

15.02 Financial and IRS documents (The form 1023 and the form 990)

The Scarlet Thread shall provide its Internal Revenue Service forms, bylaws, conflict of interest policy, and financial statements to the general public for inspection free of charge.

15.03 Means and Conditions of Disclosure

The Scarlet Thread shall make "Widely Available" the aforementioned documents on its internet website: www.joshua2.org to be viewed and inspected by the general public.

- a. The documents shall be posted in a format that allows an individual using the Internet to access, download, view and print them in a manner that exactly reproduces the image of the original document filed with the IRS (except information exempt from public disclosure requirements, such as contributor lists).
- b. The website shall clearly inform readers that the document is available and provide instructions for downloading it.
- c. **The Scarlet Thread** shall not charge a fee for downloading the information. Documents shall not be posted in a format that would require special computer hardware or software (other than software readily available to the public free of charge).
- d. **The Scarlet Thread** shall inform anyone requesting the information where this information can be found, including the web address. This information must be provided immediately for in-person requests and within 7 days for mailed requests.

15.04 IRS Annual Information Returns (Form 990)

The Scarlet Thread shall submit the Form 990 to its board of directors prior to the filing of the Form 990. While neither the approval of the Form 990 or a review of the 990 is required under Federal law, the corporation's Form 990 shall be submitted to each member of the board of directors via email at least 10 days before the Form 990 is filed with the IRS.

15.05 Staff Records

- a. All staff records shall be available for consultation by the staff member concerned or by their legal representatives.
- b. No staff records shall be made available to any person outside the corporation except the authorized governmental agencies.
- c. Within the corporation, staff records shall be made available only to those persons with managerial or personnel responsibilities for that staff member, except that
- d. Staff records shall be made available to the board when requested.

15.06 Donor Records

- a. All donor records shall be available for consultation by the members and donors concerned or by their legal representatives.
- b. No donor records shall be made available to any other person outside the corporation except the authorized governmental agencies.
- c. Within the corporation, donor records shall be made available only to those persons with managerial or personnel responsibilities for dealing with those donors, except that ;
- d. Donor records shall be made available to the board when requested.

ARTICLE XVI

CODES OF ETHICS AND WHISTLEBLOWER POLICY

16.01 Purpose

The Scarlet Thread requires and encourages directors, officers and employees to observe and practice high standards of business and personal ethics in the conduct of their duties and responsibilities. The employees and representatives of the corporation must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. It is the intent of **The Scarlet Thread** to adhere to all laws and regulations that apply to the corporation and the underlying purpose of this policy is to support the corporation's goal of legal compliance. The support of all corporate staff is necessary to achieving compliance with various laws and regulations.

16.02 Reporting Violations

If any director, officer, staff or employee reasonably believes that some policy, practice, or activity of **The Scarlet Thread** is in violation of law, a written complaint must be filed by that person with the vice president or the board president.

16.03 Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false shall be viewed as a serious disciplinary offense.

16.04 Retaliation

Said person is protected from retaliation only if she/he brings the alleged unlawful activity, policy, or practice to the attention of **The Scarlet Thread** and provides **The Scarlet Thread** with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described below is only available to individuals that comply with this requirement.

The Scarlet Thread shall not retaliate against any director, officer, staff or employee who in good faith, has made a protest or raised a complaint against some practice of **The Scarlet Thread** or of another individual or entity with whom **The Scarlet Thread** has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy.

The Scarlet Thread shall not retaliate against any director, officer, staff or employee who disclose or threaten to disclose to a supervisor or a public body, any activity, policy, or practice of **The Scarlet Thread** that the individual reasonably believes is in violation of a law, or a rule, or regulation mandated pursuant to law or is in violation of a clear mandate of public policy concerning the health, safety, welfare, or protection of the environment.

16.05 Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

16.06 Handling of Reported Violations

The board president shall notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports shall be promptly investigated by the board and its appointed committee and appropriate corrective action shall be taken if warranted by the investigation. This policy shall be made available to all directors, officers, staffs or employees and they shall have the opportunity to ask questions about the policy.

ARTICLE XVII

AMENDMENT OF Articles of Incorporation

17.01 Amendments

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

- a. that no amendment shall be made to these Bylaws which would cause the corporation to cease to qualify as an exempt corporation under Section 501

- (c)(3) of the Internal Revenue Code of 1986, or the corresponding section of any future Federal tax code; and,
- b. that an amendment does not affect the voting rights of directors. An amendment that does affect the voting rights of directors further requires ratification by a two-thirds vote of a quorum of directors at a Board meeting.
 - c. that all amendments be consistent with the Articles of Incorporation.

ARTICLE XVIII

ADDRESSES OF THE CORPORATION

18.01 Corporate Address

The physical address of the corporation is:

**96 County Road 4426
Mt. Pleasant, TX 75455**

The mailing address of the corporation is:

**96 County Road 4426
Mt. Pleasant, TX 75455**

The Corporation may have such other offices, either within or without the State of Texas, as the Board may determine or as the affairs of the Corporation may require from time to time.

ARTICLE XIX

Appointment of registered agent

19.01 Registered Agent

The registered agent of the corporation shall be:

**Bonnie Shipp
96 County Road 4426
Mt. Pleasant, TX 75455**

Acknowledgment of consent to appointment as registered agent

I, **Bonnie Shipp**, agree to be the registered agent for **The Scarlet Thread** as appointed herein.

Registered Agent *Bonnie Shipp*
Date: *11-6-2016*

CERTIFICATE OF ADOPTION OF BYLAWS

I do hereby certify that the above stated Bylaws of **The Scarlet Thread** were approved by **The Scarlet Thread** board of directors on Sunday, November 6, 2016, and constitute a complete copy of the Bylaws of the corporation.

Secretary Padmna Roshko

Date: 11/6/16