

ACADEMIA COTOPAXI BY-LAWS

NOTE THAT THIS IS AN INTERNAL TRANSLATION OF THE SPANISH “ESTATUTO” WHICH IS THE LEGALLY VALID DOCUMENT AND SERVES AS THE BASE FOR ANY AND ALL QUESTIONS OF INTERPRETATION.

CHAPTER I CONSTITUTION AND PURPOSE

ARTICLE ONE: TERM OF LEGAL EXISTENCE. - The Academia Cotopaxi Cultural Association is an Ecuadorian non profit organization with private rights and social objectives. Its legal existence is based on agreement number 723 of the Military Government, published in the Official Record, number 631, on November 22nd, 1965.

ARTICLE TWO: NATURE. - The Academia Cotopaxi Cultural Association has limited responsibility, and is governed by the Ecuadorian law under the resolutions set forth in Title XXX, Book One of the Civil Code and the regulations contained in these by-laws.

ARTICLE THREE: DENOMINATION. - The Academia Cotopaxi Cultural Association, which hereinafter shall be referred as “the Association” or “the Academia” has its headquarters within the Metropolitan District of Quito in the Republic of Ecuador, and may establish other locations in any other part of the country.

ARTICLE FOUR: DURATION. - The Association is indefinite and permanent, but may be dissolved under the circumstances mentioned in these By-laws and in the Regulation of Approval, Control and Extinction of Legal Non-Profit Organizations with Private Rights and Social Objectives contained in Executive Decree number 3054, dated August 30th, 2002 and published in the Official Record, number 660, on September 11th, 2002 and in subsequent revisions.

ARTICLE FIVE: PURPOSES. - The objectives of the Association are:

- a. To maintain, in property and under management and finance, the educational establishment called “Academia Cotopaxi” subject to applicable legal requirements;
- b. To promote primary, secondary, technical, and language education in accordance with the curriculum recommended by the Academic Director and approved by the Board of Trustees;
- c. To promote the general, and well-being of Association Members and their families, in terms especially in terms of educational, cultural and social development;
- d. To pursue the study of the history, geography, language and culture of Ecuador and of the countries of origin of its Members, as well as other subjects and areas;

- e. To provide technical assistance in the area of education to entities in Ecuador;
- f. To establish relationships with similar educational entities, national or foreign, and with other institutions that have some relation with the objectives of the Association;
- g. To promote the professional growth and improvement to the staff that provides services to the educational establishment of the Association; and,
- h. To establish incentives, scholarships or other types of assistance to students based on their performance or merit, or whose personal or family circumstances indicate a need for this type of support.

ARTICLE SIX: MEANS.- In order to fulfil its objectives, the Academia Cotopaxi Cultural Association may execute all type of acts and contracts allowed under Ecuadorian law, with any legal entity, individual or corporate, public or private, as well as accepting the benefit of inventories, legacies, donations and any type of charges or financial assistance that may be given.

The Association will enter into international agreements in order to provide accredited education at an international level under the Southern Association of Colleges and Schools (SACS) or other equivalent international system that fulfils the basic requirements of an academic curriculum recognized in the United States of America, in order to guarantee that the education received from the Association will be recognized internationally.

CHAPTER II MEMBERS

ARTICLE SEVEN: KINDS OF MEMBERS. - The Members of the Academia Cotopaxi Cultural Association will include three types: Parent Members, Professional Members, and Associate Members.

ARTICLE EIGHT: PARENT MEMBERS. - Parent Members are the parents or legal guardians of the students attending Academia Cotopaxi for whom the contributions and charges mentioned in Articles 11 and 28 are paid, notwithstanding the number of children or pupils in the family enrolled in the Academia.

ARTICLE NINE: PROFESSIONAL MEMBERS. - A Professional Member is a professional person that renders services to the Association and that fulfil all of the following conditions:

- a. Has a current teaching or administrative certificate granted by an accredited educational institution that is acceptable to the Board of Trustees, or who is enrolled in a specific program in order to obtain such certificate;
- b. Works at least half-time in an academic program of the Association;
- c. Receives compensation as a professional member of the staff of the Association.

ARTICLE TEN: ASSOCIATE MEMBERS. - The alumni of the Academia Cotopaxi and all people who are previously invited and/or proposed by the Board and who make a commitment to promote projects of the Academia Cotopaxi Cultural Association, and are admitted as such, are Associate Members of the Association.

ARTICLE ELEVEN: OBLIGATIONS AND RIGHTS. - Parent and Professional members will have the following obligations and rights:

- a. To observe and fulfil the applicable local laws and these By-laws;
- b. To respect the decisions of the authorities of the Association, according to applicable local laws and these By-laws;
- c. To pay ordinary and extraordinary charges established by the Board of Trustees at such time as they specify;
- d. To be part of the General Assembly with voice and vote;
- e. To be elected to such offices as established in these By-laws, given the fulfilment of the requirements established in them;
- f. To participate in cultural, social, and educational activities organized by the Association;
- g. To complete tasks and fulfil responsibilities assigned by the General Assembly or Board of Trustees;
- h. To Cooperate in the fulfilment of the objectives of the Association;
- i. Anything else that established by these By-laws and pertinent regulations.

ARTICLE TWELVE: EXCEPTIONS. - Associate Members will have the same rights and obligations determined in the previous article, with the exception of items c) and d). Associate Members attending meetings of the General Assembly will be entitled to voice, but will not be entitled to vote.

ARTICLE THIRTEEN: LOSS OF RIGHTS. - The Members of the Association will lose their rights as members should they fail to fulfil the requirements stipulated in these By-laws.

CHAPTER III GOVERNANCE AND ADMINISTRATION

ARTICLE FOURTEEN: GOVERNANCE. - The Government of the Association corresponds to:

- a. General Assembly of Members
- b. Board of Trustees
- c. President
- d. Vice President
- e. Secretary
- f. Treasurer; and,
- g. Committees

A. - GENERAL ASSEMBLY

ARTICLE FIFTEEN: DEFINITION. - The General Assembly of Members constitutes the ultimate authority of the Association and is composed of all Members with a right to vote, gathered in a quorum according to the conditions provided by local law and in these By-laws.

ARTICLE SIXTEEN: POWERS AND DUTIES. - Powers and duties of the General Assembly of Members include:

- a. To comply with all the requirements established by the Law and in these By-laws;
- b. To elect the members of the Board of Trustees, as established in these By-laws. A person whose spouse works for Academia Cotopaxi as a teacher may not be designated as a member of the Board of Trustees. If after designated, the spouse is hired as teacher of Academia Cotopaxi, the member will automatically be removed from the Board and a replacement appointed. This prohibition will not apply to Members who are Professional Members and the Academic Director;
- c. To acknowledge the annual financial reports issued by the Association;
- d. To acknowledge the annual report of activities presented by the Board of Trustees;
- e. To decide on the dissolution of the Association according to the provisions contained in these By-laws;
- f. To dismiss any member of the Board of Trustees from his/her duties as decided upon during the course of a special session convened for such purpose. In order to dismiss one of the members of the Board of Trustees, a two-thirds majority of votes of the Members in attendance and entitled to vote shall be required;
- g. To change the present By-laws and approve any necessary additional regulations contained therein;
- h. To execute any other powers and duties as provided for under these By-laws and under the Law as not being reserved for any other organization.

ARTICLE SEVENTEEN: NOTICE OF MEETINGS. - The General Assembly will meet ordinarily at least once a year, in May. Meetings will be convened by the President, and a copy of the notice will be delivered to the Members by any written means, including electronic mail, fax, or any other electronic means of which any written proof or evidence of the notice may be obtained, indicating the place, day and hour of the meeting, as well as the venue.

The President must convene a General Assembly whenever a petition supported by the signatures of the Members representing at least fifteen percent of the Members has been made,

ARTICLE EIGHTEEN: QUORUM. - In order for the General Assembly to be validated and be able to pass resolutions, it shall meet at the Association's headquarters, or wherever the meeting is specified. At least twenty percent of the total number of Members, including at least two Members of the Board of Trustees, must be present to establish quorum. The meeting will determine if, due to lack of quorum, the Members of the General Assembly will not be able to

meet at the first call. In such case, a second call will take place five minutes after the first one. Quorum will be established as the Members present, if those present include at least two Members of the Board of Trustees. The General Assembly may then meet in order to cover the points indicated in the meeting agenda.

Should there not be quorum on the second call due to the absence of Members of the Board; an additional call to meeting shall be issued setting the meeting no more than seven calendar days from the previous call. The requirement for two Members of the Board to be present shall be waived for that meeting.

All sessions of the General Assembly shall be conducted according to generally accepted parliamentary procedures, as described in *Robert's Rules of Order*.

ARTICLE NINETEEN: MAJORITY. - Except as otherwise provided in these By-laws, all decisions adopted by a General Assembly of Members shall be passed on the approval of one-half plus one of the Members present who are entitled to vote. In the event of a tie, the proposal shall be considered as defeated.

ARTICLE TWENTY: ENTITLEMENT TO VOTE. - All Parent and Professional Staff Members who have fulfilled the requirements in Articles 8 and 9 of these By-laws are entitled to vote at the General Assembly. However, Parents who have not paid the charges or contributions mentioned in Article 11, item c) of these By-laws shall not be entitled to vote.

ARTICLE TWENTY ONE: CHAIRPERSON. - All General Assemblies of Members shall be chaired by the President of the Board of Trustees or, in his/her absence, by the Vice President. In the case that both are absent, a President Ad-hoc shall be designated by the members of the Board of Trustees who are present at the General Assembly. In case there were no members of the Board of Trustees present at the General Assembly of Members when a quorum, as defined in Article 18, is present, the Members shall appoint – as a first issue to be included in the agenda – an Ad-hoc Chairperson.

B. BOARD OF TRUSTEES

ARTICLE TWENTY TWO: COMPOSITION. - The Board of Trustees shall be composed of eight members, all regularly domiciled/living in the Metropolitan District of Quito and elected by the General Assembly of Members:

- a. Six of the members must be either Parent or Associate Members of the General Assembly, and each one will be entitled to one vote. No more than two seats may be occupied by Associate Members at a time, however;
- b. Two members must be Professional Staff Members, entitled to half a vote each.

No one who is married to a Professional Member of the Association, or who serves on the Board of another school, may serve on the Board of Trustees.

In addition to the members previously mentioned, the following will serve as members of the Board of Trustees, entitled to voice, but not to vote:

- a. A member designated by the Chief of Diplomatic Mission of the United States;
- b. The Academic Director;
- c. The Manager; and,
- d. Other people determined by the Board of Trustees.

ARTICLE TWENTY THREE: VACANCIES. - In the case that, for any reason, there is a vacancy on the Board of Trustees, the Board will appoint a replacement to serve until the next General Assembly, when that group will designate the definitive replacement for the term remaining of the member whose position was left open. The Board may make no more than two provisional appointments. If more than two positions are open, an extraordinary Assembly will be called immediately to fill the open positions.

ARTICLE TWENTY FOUR: TERMS OF THE MEMBERS OF THE BOARD. - The Assembly will elect six members of the Board from Parent and Associate Members of the Assembly. Four of these terms will be for three years, and two will be for two years. Professional Staff Members of the Board of Trustees shall serve for one year. Any member may be re-elected.

The General Assembly may remove a member of the Board of trustees for any of the following reasons:

- a. For failure to observe and abide by these by-laws and Board Policies;
- b. For failure to fulfil their designated responsibilities;
- c. For actions or attitudes that prejudice the Association;
- d. For three consecutive absences at Board meetings over the full term of service, or for a total of five absences in any given school year.

ARTICLE TWENTY FIVE: CONFLICT OF INTEREST. - When the Board of Trustees deals with a topic or matter that may pose a conflict of interest to a Member of the Board of Trustees, the member shall excuse him/herself from participating and voting on such issue. The Board of Trustees may decide if there is a conflict of interest on behalf of one of the members through simple majority of vote of those voting members present who are entitled to vote.

Professional Staff Members shall excuse themselves from participating in the deliberation of and vote on matters related to individual members of the professional staff or individuals from the community.

ARTICLE TWENTY SIX: MEETINGS OF THE BOARD OF TRUSTEES. - The Board of Trustees will meet at least nine times during a calendar year, normally monthly while school is in session. Should the Board deem it necessary, they may meet more times in order to fulfil their duties and obligations. Quorum shall consist of four voting members of the Board of Trustees, representing a total of at least four complete votes, and the decisions will be taken by the majority of the members present.

At the meetings of the Board of Trustees, a member may participate by telephone or by any electronic means that allows him/her to participate in the discussion, and his/her participation and vote will be valid.

The Board of Trustees will not meet without the knowledge and presence of the Academic Director or his/her delegate unless the specific purpose of the meeting is to discuss the performance or written evaluation of the Academic Director.

The Board of Trustees may include in its meetings people who can provide information or advice. This matter shall be decided prior to the meeting by majority of votes of the members of the Board of Trustees.

Board of Trustees meetings shall be held as confidential, unless expressly decided by the Board of Trustees.

ARTICLE TWENTY SEVEN: NOTICE OF MEETINGS. - The President shall convene a Board of Trustees meeting, including venue, date and time, as well as agenda to be discussed, with at least forty-eight hours advance notice. Such notice shall be delivered in writing by any means.

The President shall be required to convene the Board of Trustees whenever a petition including the signatures of at least two members of the Board of Trustees entitled to vote has been submitted. In case that the President denies to serve such notice, any member of the Board of Trustees who has been designated by the Board of Trustees through the vote of at least sixty percent of its members may serve notice.

ARTICLE TWENTY EIGHT: POWERS OF THE BOARD OF TRUSTEES. - The Board of Trustees has the following powers:

- a. To define the objectives and mission of the school, to be based on the purposes of the Association;
- b. To select, appoint and nurture an Academic Director;
- c. To appoint the Academic Director and to set her/his compensation. The term of the appointment will be established by the Board of Trustees;
- d. To evaluate the performance of the Academic Director annually;
- e. To appoint a Manager and to establish her/his honorarium. The designation will be for an indefinite term and she/he may be discharged at any moment for any reason and her/his dismissal will cause no claim for indemnification of any kind;
- f. To comply with and enforce these By-laws and the decisions of the Assembly;
- g. To elect the positions of President, Vice – President, Treasurer and Secretary from among the members of the Board of Trustees who are Parent Members of the Association;
- h. To adopt and develop a multi-year Strategic Plan for the ongoing development of the School, with the help of the Academic Director;
- i. To monitor the progress of the Strategic Plan;

- j. To review administrative manuals, pass Board policies, and approve new Board committees and specify their duties;
- k. To determine the amounts and payment methods for contributions made by the Members;
- l. To set forth any additional charges for services and other unforeseen activities in addition to regular contributions;
- m. To approve the annual budget after having studied the proposal submitted by the Academic Director and the recommendations of the Finance Committee;
- n. To supervise the work performed by the permanent committees, particularly the Executive Committee, the Finance Committee, and the Elections Committee, and look after their activities;
- o. Present an annual report to the General Assembly of Members in reference to the performance of the Association;
- p. To become thoroughly acquainted with the reports and all other informational material submitted for their consideration;
- q. To comply with the decisions taken at the General Assemblies of Members and provide instructions to the Association's President;
- r. To establish once a year, or when deemed convenient, the maximum monetary limit to which the Academic Director can commit the Association; those commitments for which joint signatures will be required, and those which only the Board of Trustees can authorize the subscription of acts and contracts that bind the Association;
- s. To develop and approve training, operations, and procedural manuals to be used by the Board of Trustees;
- t. To review training, operations and procedural manuals to be used by the Association staff;
- u. To appoint an External Auditor as stipulated in these By-laws;
- v. To provide a written report to the Association each October, prepared in English and in Spanish and sent in either paper or electronic format, which will include at least the President's Report of the work of the Board of Trustees, the Treasurer's Report of the Annual Audit of the previous year's books and the financial status of the school, and the Academic Director's Report of the State of the School Program;
- w. To appoint special proxies for the Association, as well as attorneys-in-law whenever it is deemed necessary and/or convenient to do so;
- x. To interpret these By-laws. Such interpretation shall then be mandatory for all Members, as well as the administrative and financial organs of the Association;
- y. To expel from the Association any Member who does not fulfil the obligations set forth in Article 11. In order to expel one of the Members, a unanimous decision of all the voting members of the Board of Trustees is required; and,
- z. To perform all other duties herein envisaged and those which are permissible under the Law.

C. PRESIDENT

ARTICLE TWENTY NINE: PRESIDENT. - The President of the Board of Trustees shall also be the Chairperson of the Association. He/she shall be

appointed by the Board of Trustees from among its Parent Members and shall perform his/her functions for a period of one year from the date of the election

In the event of temporary or definite absence of the President, the Vice-President shall replace him/her. In the event that the President is replaced permanently, the Vice-President shall serve for the remaining term of the replaced President.

ARTICLE THIRTY: POWERS AND DUTIES. - The President of the Board of Trustees shall adhere to the Law, to these By-Laws, and to the decisions made at the General Assembly of Members and by the Board of Trustees. In particular, he or she shall perform the following duties and have the following powers:

- a. To convene the General Assemblies of Members and meetings of the Board of Trustees;
- b. To chair the General Assemblies of Members and meetings of the Board of Trustees;
- c. To deliver to the General Assembly of Members an annual report about the activities taking place;
- d. To keep the Vice-President updated and informed regarding pertinent matters;
- e. To comply with and enforce the decisions of the General Assembly of Members and the Board of Trustees; and,
- f. To comply with all powers and duties noted in the Law and in these By-Laws.

D. VICE-PRESIDENT

ARTICLE THIRTY ONE: VICEPRESIDENT. - The Vice-President shall be appointed by the Board of Trustees from among its Parent Members and shall perform his or her functions for a period of one year.

In case of temporary or definite of the Vice-President, the Board of Trustees shall appoint, from among its Parent Members, a replacement. In the event that the Vice-President is replaced permanently, the new Vice-President shall serve for the remaining term of the replaced Vice-President.

ARTICLE THIRTY TWO: POWERS AND DUTIES. - The Vice-President of the Association shall perform the following duties and have the following powers:

- a. To replace the President in case of temporary or definite absence, or in the event of conflict of interest of the President, until the Board of Trustees appoints a new President;
- b. To attend such meetings as the President may call; and,
- c. To comply with all other duties and use all other power that correspond to him/her according to the Law and these By-laws.

E. TREASURER

ARTICLE THIRTY THREE: TREASURER.- The Treasurer shall be appointed by the Board of Trustees from among its Parent Members and shall perform his/her duties for a period of one year.

In the event of temporary or definite absence of the Treasurer, the Board of Trustees shall appoint a replacement from among the Parent Members. In the event that the Treasurer is replaced permanently, the new Treasurer shall serve for the remaining term of the replaced Treasurer.

ARTICLE THIRTY FOUR: POWERS AND DUTIES. - The Powers and Duties of the Treasurer of the Association are:

- a. To chair the Finance Committee, assuring the faithful fulfilment of its responsibilities as defined in Article 37 paragraph b of these By-laws;
- b. To provide written reports from the Finance Committee to the Board of Trustees and the Association each October, prepared in English and in Spanish and sent in either paper or electronic format, on the Annual Audit of the previous year's books and the financial condition of the School;
- c. To comply with all other duties and make use of all other powers called for under the Law and these By-Laws.

F. SECRETARY

ARTICLE THIRTY FIVE: SECRETARY.- The Secretary shall be appointed by the Board of Trustees from among its Parent Members and shall perform his/her duties for a period of one year.

In the event of temporary or definite absence of the Secretary, the Board of Trustees shall appoint a replacement from among the Parent Members. In the event that the Secretary is replaced permanently, the new Secretary shall serve for the remaining term of the replaced Secretary.

ARTICLE THIRTY SIX: POWERS AND DUTIES. - The powers and duties of the Secretary of the Association are:

- a. To act as the secretary during the meetings of the General Assembly and of the Board of Trustees; taking the minutes of meetings and overseeing the filing of those minutes; and,
- b. To comply with all other duties and make use of all other powers as called for under the Law and these By-Laws.

G. COMMITTEES

ARTICLE THIRTY SEVEN: PERMANENT COMMITTEES. - The Board of Trustees shall establish the following permanent committees for the satisfactory fulfilment of its responsibilities:

- a. The Executive Committee, which shall be presided over by the President and composed of the members of the Board, excluding the Professional

Staff Members, shall be empowered to make decisions on behalf of the Board of Trustees, in the case that they are unable to meet. The Board of Trustees shall be informed of the decisions of the Executive Committee at its next meeting.

- b. The Finance Committee, which shall be chaired by the Treasurer of the Board of Trustees, shall be composed of at least one other member of the Board of Trustees, plus at least two additional members who are not members of the Board of Trustees. The purpose of the Finance Committee is to 1) periodically review, with the Academic Director, the consistency of management practice with the adopted policies of the Board of Trustees related to financial planning, budgeting, financial conditions and activities, and the protection of assets, reporting to the Board of Trustees according to a schedule and plan adopted by the Board of Trustees. 2) To advise the Academic Director on issues and questions he/she raises related to the annual budget, providing its recommendations and comments on the final draft to the Board of Trustees. The Academic Director shall attend all meetings of the Finance Committee.
- c. The Nominating Committee shall be appointed by the President from the elected members of the Board. The purpose of the Nominating Committee is to create a record of individuals in the community who may be interested in serving on the Board of Trustees and would be able to make a significant, constructive contribution to it. The Nominating Committee shall report to the Board prior to any election and make specific recommendations to the Board for a list of candidates to include at least one candidate to run for each open seat. That list of candidates, once approved by the Board of Trustees, shall then be submitted to the General Assembly.
- d. The Election Committee shall be composed of at least three Members of the Association who are not members of the Board of Trustees. The Board of Trustees will determine the nomination and election procedures that the Election Committee should follow.

ARTICLE THIRTY EIGHT: AD-HOC COMMITTEES. - The Board of Trustees will establish such other committees as may be necessary for the satisfactory fulfilment of its responsibilities.

ARTICLE THIRTY NINE: PERFORMANCE OF COMMITTEES. - The Committees shall perform in the manner, through the powers, in adherence to the policies and terms set forth by the Board of Trustees.

CHAPTER IV ADMINISTRATION

ARTICLE FORTY: ACADEMIC DIRECTOR. - The Administration of the Association is the responsibility of the Academic Director. The Academic Director will be selected and appointed by the Board of Trustees and will perform the functions for the period of time determined by the Board of Trustees. The Academic Director may be re-appointed indefinitely.

ARTICLE FORTY ONE: POWERS AND DUTIES. - The Academic Director of the Association will be responsible for the administration and management of the Association's business, and adhere to the Law, these By-laws and the instructions issued by the Board of Trustees. The Academic Director shall have the following powers and duties:

- a. To perform all administrative and regular operations of the Association, pursuant to its purposes;
- b. To obligate the Association, within the limits established by the Board of Trustees and according to the purposes as defined in these By-laws;
- c. To prepare balance sheets and inventories at the end of each fiscal year and provide the External Auditor with an accounting analysis;
- d. To open and close checking or any other sort of accounts and appoint those people who are authorized to issue checks or any other order of payment against the above mentioned accounts, within the limitations that are set forth by the Board of Trustees;
- e. To issue, accept, endorse, and guarantee promissory notes and any other business documents within the limitations which are set forth by the Board of Trustees;
- f. To execute those grants which have been approved by the Board of Trustees;
- g. To deliver a report to the Board of Trustees during its regular meetings; and,
- h. To execute all actions set forth in the Laws of Ecuador and these By-laws.

ARTICLE FORTY TWO: MANAGER. - The Manager, as the legal representative of the Association, is an employee of confidence. He/she may, however, be dismissed in accordance with the procedures established by the Board of Trustees in the employment agreement. For this reason, his/her relation with the Association will be regulated exclusively by the rules of the Civil Code; especially the ones referred to in the contract, and there will not be a direct labor relationship with the Association.

The President of the Association will hold the position of the Legal Representative of the Association in the event of temporary or definitive absence of the Manager and until she/he is replaced.

The duties and powers of the manager are:

- a. To execute the Legal Representation, both judicial and extrajudicial, of the Association;
- b. To advise the Association in labor and tax matters;
- c. To verify the correct and timely fulfillment of legal duties of the association in the tributary and labor areas;
- d. To protect the association about labor and tributary contingencies this could appear in application of laws and regulations;
- e. To represent the association in trials and legal procedures related to those areas;
- f. To review contracts which the Association will sign; and,
- g. To attend, with voice and no vote, the meetings of the Board of Trustees.

CHAPTER V CONTROL BODIES

ARTICLE FORTY THREE: EXTERNAL AUDITOR. - The External Auditor shall be appointed by the Board of Trustees and shall be in charge of observing the proper use of regulations and accounting procedures, as well as the administration of the Association. The External Auditor shall submit an annual report to the Board of Trustees. The External Auditor shall serve for a period determined by the Board of Trustees.

CHAPTER VI PATRIMONY AND FINANCES

ARTICLE FORTY FOUR: PATRIMONY. - The assets of the Association shall be comprised of:

- a. All fixed and other assets acquired by means of purchase, grants or any other sort of contract destined to the use of the Academia Cotopaxi that has a higher value than the minimum demanded by the Art. 4 of the Regulation for the Approval, Control and Dissolution of Legal Non-Profit Organizations with Private Rights and Social Purposes;
- b. All fixed assets and chattels whose use benefits the Association through profit contracts, lease, loan and restitution;
- c. All the income that the Association receives from its activities;
- d. All the contributions provided by the Members;
- e. The contributions received from any individual or other legal entity, whether occasionally or permanently;
- f. All inheritances/legacies shall be received with right of inventory; and,
- g. In general, the income or chattels or fixed assets that may have been granted or charged for.
- h. Patrimony shall be increased through construction work in the fixed assets.

ARTICLE FORTY FIVE: LIMITED RESPONSIBILITY. - None of the assets acquired by the Association by any means shall belong either wholly or in part to any of the Members, and Members may not profit from any of the assets.

The Members of the Association have only the obligations stipulated in these By-laws and, for this reason, they are not individually responsible for the obligations of the Association. The Association, as a legal organization, will respond with the assets that comprise its patrimony, for any obligation with third parties

ARTICLE FORTY SIX: DETERMINATION OF PERIODIC CONTRIBUTIONS. - The Board of Trustees will determine necessary contributions in order to obtain the funding from the beneficiaries of the Academia Cotopaxi Cultural Association and its educational institution, or other contributions that can be

produced, according to the laws and dispositions of the Education and Culture Ministry.

ARTICLE FORTY SEVEN: FISCAL YEAR. - The fiscal year will be set by the Board of Trustees.

CHAPTER VII DISSOLUTION AND LIQUIDATION

ARTICLE FORTY EIGHT: DISSOLUTION. - The Academia Cotopaxi Cultural Association will dissolve only due to the causes stipulated in the applicable laws and regulations, or by voluntary resolution of the Members of the Board of Trustees considering affirmative votes of at least 75% of the total of the voting members, who will manifest their will in two meetings, to be held no more than 30 days apart from each other. The Academia Cotopaxi Cultural Association will proceed with the dissolution only if in the second meeting all the members that voted in the first meeting confirm this resolution.

ARTICLE FORTY NINE: LIQUIDATION. - When the dissolution of the Association is agreed upon, the Board of Trustees shall continue to perform its duties until all details regarding the assets and all other financial, administrative and general matters are completed; and, until all assets of the Association have been liquidated. Such assets, or the proceeds derived from the sale of such assets, shall be used to honor all pending commitments of the Association and to cover any legal expenses that may arise. In the event a favourable balance remains, such assets shall be donated to a recognized institution with the same purpose and objectives. The Board of Trustees shall appoint the Chief of the United States Mission, or his or her designee, as supervisor of final liquidation. The supervisor shall work in close cooperation with the Board of Trustees.

CHAPTER VIII GENERAL DISPOSITIONS

ARTICLE FIFTY: PROHIBITION. - The Academia Cotopaxi Cultural Association may not intervene in matters of political or religious character. The Members, Directors, and employees of the Association may not act in name of the Association or perform in its name, any type of act that does not form part of its statutory purposes.

Likewise, it is prohibited for all its Members to fulfil any type of activity previously mentioned within the facilities and premises of the Association

ARTICLE FIFTY ONE: CONFIDENTIALITY. - As a general rule, all minutes of the General Assembly of Members and of the Regular Meetings of the Board of Trustees may be given to Members who have fully complied with the responsibilities in Article 11 of these By-laws and to such people

approved by a majority of the Board of Trustees. The minutes or sessions of permanent or special committees are confidential, unless the committee or the Board of Trustees decides otherwise. Breach of confidentiality on the part of any committee member or Board member shall be considered as grounds for removal.

ARTICLE FIFTY TWO: MINUTES. - Minutes of all General Assemblies of Members and of the Board of Trustees shall be signed by both the President and the Secretary, who shall report on compliance of the decisions made. The Secretary shall keep a permanent file of minutes, which shall be made available to all members of the Board of Trustees whenever they request access to them. Minutes of General Assemblies and of Regular Meetings of the Board of Trustees shall be made available to any Member of the Association who has fully complied with the responsibilities in these By-laws. Minutes of Executive Committee and Closed Board Session meetings shall be kept confidential. The list of members present signed by them, will be an enabling document to the minutes.

ARTICLE FIFTY THREE: ACCESS TO BOOKS AND ACCOUNTS.- Inspection and familiarity with books and accounts of the Association, cashiers, portfolios, documents and written deeds in general shall only be permitted to the Board of Trustees of the Association as a body, authorized entities and authorities pursuant to contracts or provisions of Law, as well as to all Association employees whose work so requires and such other people previously approved by a majority of the Board of Trustees; notwithstanding what the Law provides under special circumstances.

ARTICLE FIFTY FOUR: REFORM OF BY-LAWS. - These By-laws may be changed at any moment. In order to do so, the approval of the Members of the General Assembly is required, with a majority vote of the Members present entitled to vote. The approved reforms will be submitted to consideration of the competent authority for its approval, and it will take place as soon as the authority approves it.

ARTICLE FIFTY FIVE: RESOLUTION OF CONFLICTS. - Such conflicts as may arise among the members of the Association will be resolved by the administrative organs of the Association. In the event that this was not possible, or if the disagreement appears among such members and directive organs, and can not be resolved in a personal and direct matter, according to these By-laws, its solution will be subdued to the Law of Arbitrage and Mediation of Ecuador.

ARTICLE FIFTY SIX: SUPPLEMENTARY NORMS. - For any matter not provided for in these By-laws, the regulations contained in the Civil Code and all other Laws and applicable shall be deemed to have become part of these By-laws.

ARTICLE FIFTY SEVEN: The Association will be subject to the rules of the Ministry of Education in the fulfilment of the purposes for which it was created.

ARTICLE FIFTY EIGHT: The activities of the Association and/or its authorities will determine if it is or it is not subject to direct or indirect tax obligations.

ARTICLE FIFTY NINE: Any internal conflict of the Association, or conflicts with other similar associations will be resolved in accordance with these bylaws and, should they be unresolvable in that forum, they will be held subject to the Law of Arbitration and Mediation, or resolved through ordinary legal channels.