

**CITY OF COACHELLA**

**REPORT ON THE 2016 FINANCIAL AUDITS OF SPORTS LEAGUES FOR  
COACHELLA YOUTH BASEBALL AND SOFTBALL ASSOCIATION AND  
COACHELLA LITTLE ARABS YOUTH FOOTBALL**

**OCTOBER 14, 2016**



# TABLE OF CONTENTS

SECTION	PAGE
EXECUTIVE SUMMARY .....	1
PROCEDURES PERFORMED AND FINDINGS – CYBSA.....	3
PROCEDURES PERFORMED AND FINDINGS – CLAYF .....	7
EXHIBIT 1 – CYBSA CHECKING ACCOUNT ACTIVITY FROM JANUARY 14, 2015 TO AUGUST 18, 2015 .....	10
EXHIBIT 2 – CLAYF BANKING SUMMARY 2014 AND 2015 .....	11
APPENDIX A: FINANCIAL EXCERPTS FROM MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND THE LEAGUES.....	12
APPENDIX B: CYBSA BYLAWS – TREASURER DUTIES EXCERPT.....	12
APPENDIX C: EXCERPT FROM IRS PUBLICATION 1771, CHARITABLE CONTRIBUTIONS SUBSTANTIATION AND DISCLOSURE REQUIREMENTS .....	13
APPENDIX D: MEETINGS AND MINUTES GUIDANCE .....	13

## EXECUTIVE SUMMARY

We were engaged to complete financial audits of CYBSA and CLAYF (and comment on Coachella Valley Raiders Youth Football as noted below) to assist the City in meeting its responsibilities under the MOU. These financial audits were based on agreed-upon procedures noted in our Letter of Agreement for Sport League Financial Audit 2016 dated July 19, 2016 (Letter of Agreement). Our findings are based on requests for documentation and information of the Leagues via the Public Works Director and Recreation Services Coordinator as well as our review of certain documents, including publicly available records. Details of our findings are discussed in the *Procedures Performed and Findings* sections of this report.

Administrative burdens can be overwhelming to a small community service organization. We recognize that the Leagues are performing a valuable community service. Our effort has been to disclose findings and provide recommendations appropriate to small volunteer organizations that assist them in complying with their agreements and bylaws as well as any government requirements.

### CYBSA

CYBSA provided limited financial information for the period from January 2015 to August 2015. CYBSA was incorporated in January 2009 and received its first tax exemption effective for 2009, which was suspended in 2012. CYBSA reinstated its Internal Revenue Service (IRS) tax-exempt status effective October 9, 2015. CYBSA has been in extensive noncompliance with the MOU with the City and its bylaws.

**Grade: D+ (Poor)** – While CYBSA provided a checking account register from January to August 2015, bank statements, rosters, bylaws, minutes and its tax-exempt letter as well as documentation for an expense transaction sample, it did not provide the following: IRS or California tax-exempt application or annual reporting forms (Forms 1023 and 990), financial statements, fundraising information, nonbank cash and noncash activity, event expense tracking (such as any tournaments), nor documentation for a receipts sample.

### CLAYF

Similarly, CLAYF provided very limited information. As described in our report, CLAYF is seriously behind on accounting for its transactions and in filing its annual IRS forms, placing it in danger of losing its tax-exempt status. CLAYF is in extensive noncompliance with its MOU with the City.

**Grade: D (Poor)** – While CLAYF provided certain bank statements, rosters, bylaws and its tax-exempt letter, it did not provide the following: IRS or California tax-exempt application or annual reporting forms (Forms 1023 and 990), minutes, transaction journal or register, financial statements, response to our request for support for a sample of transactions, fundraising information (except for a lone donation receipt), nonbank cash and noncash activity, event expense tracking, nor documentation of insurance.

**Coachella Valley Raiders Youth Football Association (CVRVFA)**

We did not conduct procedures on a third league, CVRVFA, as the league only provided limited financial information for the period from August 2015 to December 2015. We recommend that this organization be audited next year due to the organization having changed conferences and having established a new federal tax identification and 501(c)3 number. However, CVRVFA should have been able to provide information from its prior conference activity under its prior 501(c)3 number as required by the City MOU. CVRVFA does have IRS 501(c)3 tax-exempt status under its new tax identification number.

PROCEDURES PERFORMED AND FINDINGS – CYBSA

Results of the steps taken for the financial audit of CYBSA are provided below.

PROCEDURES PERFORMED	FINDINGS
<b>INTERNAL CONTROLS</b>	
1. Inquired about how financial transactions were monitored and recorded. Determined that income and expenses from activities were recorded in a manner consistent with sound business practices and that they incorporated elements of control appropriate to a small organization.	<p>Financial records provided by CYBSA were limited to:</p> <ul style="list-style-type: none"> <li>• Bank account register from January 14, 2015 to August 18, 2015; and</li> <li>• Wells Fargo Bank statements for this period.</li> </ul> <p>The financial records were extremely limited. CYBSA should record all its transactions (bank, cash, noncash) in registers or journals that allow it to classify the transactions for organization and government reporting.</p> <p>We recommend that the Treasurer sign the monthly account report as accurate when all the transactions have been properly approved. We further recommend that another officer review and sign the Treasurer's monthly accounting report and bank reconciliation to minimize the risk of fraud and error.</p>
2. Determined that fundraising activities were in-line with the League's bylaws and properly monitored.	No information was received on fundraising. Accounting for cash and noncash donations and providing receipts and acknowledgments are key compliance requirements for retaining tax-exempt status and allowing donors to deduct donations.
<b>FINANCIAL REPORTING</b>	
3. Obtained monthly or quarterly financial reports to determine reports were prepared routinely. Traced amounts on the reports to the supporting documentation such as bank statements and other documentation as related to the balance sheet items.	<p>Financial reports on assets and liabilities and income and expense did not exist.</p> <p>We provide <i>Exhibit 1</i> as a summary of CYBSA checking account activity for the period from January 14, 2015 to August 18, 2015. This exhibit provides a starting guide on how CYBSA should account for and classify transactions. Recording accounting activity in QuickBooks software is recommended.</p> <p>Important omissions for this period included savings account and petty cash activity, noncash activity and gross event (tournament) revenue and expense activity. We also noted that activity from March 3, 2015 to March 23, 2015 was missing.</p>



PROCEDURES PERFORMED	FINDINGS
4. Tested the income statement items on a test basis to determine that transactions were recorded properly.	We requested documentation for a sample of receipts transactions, but no information was provided.
5. Tested how income was recorded and vouched a sample of expenses.	Please see above on transaction recording. The CYBSA provided documentation for our selected sample of expense transactions (golf cart battery purchase, insurance and trophies).
<b>QUALIFIED AMATEUR SPORTS ORGANIZATION UNDER IRC 501(c)(3)</b>	
6. Determined that the League met the IRS requirements of a Qualified Amateur Sports Organization and tax-exempt charitable organization as discussed in our Letter of Agreement.	<p>CYBSA was incorporated in California in January 2009. It received tax-exempt status from the IRS initially effective 2009, but this was suspended in 2013 (effective 2012). The IRS reinstated CYBSA's tax-exempt status in a letter dated December 24, 2015, effective October 9, 2015 for accounting periods ending September 30.</p> <p>Our work was limited on this procedure, as we did not receive CYBSA Form 1023 Application for Recognition of Exemption nor any of the narrative attachments and line item explanations required to be provided as supplemental to the form. We recommend CYBSA request a copy of its full Form 1023 from the IRS using IRS Form 4506-A.</p> <p>We recommend that the CYBSA consult a tax accountant regarding its tax status prior to October 9, 2015 and whether any remediation action should be taken.</p>
<b>REGISTRATIONS AND TAX FILINGS</b>	
7. If applicable, determined that the League had filed the appropriate tax compliance documents. Obtained a copy of the returns.	CYBSA had not yet filed any IRS Forms 990 for tax-exempt organizations. We recommend that the required California filings also be filed when due. CYBSA received its first tax exemption effective for 2009, which was suspended in 2012. CYBSA reinstated its IRS tax-exempt status effective October 9, 2015.
8. Determined that the League had both determination letters from the federal government as a 501(c)(3) and the Franchise Tax Board (23701d).	<p>CYBSA received tax-exempt status from the IRS in a letter dated December 24, 2015.</p> <p>We determined online that CYBSA had nonprofit corporate status with the IRS and Franchise Tax Board of California. We confirmed at the California Secretary of State website that CYBSA is an active California corporation.</p>

PROCEDURES PERFORMED	FINDINGS
<b>REVIEW OF BYLAWS AND MINUTES</b>	
9. Obtained a copy of the bylaws and determined that the League was operating substantially within its bylaws.	<p>We noted that the CYBSA had corporate officers and held regular meetings (see Procedure #11). We did not find a report on the full Annual Meeting requirement according to the bylaws, including financial reporting.</p> <p>Regarding the Secretary's responsibility to handle correspondence, we were unable to obtain CYBSA's Form 1023 Application for Tax Exemption filing.</p> <p>The financial reporting and deposit and recording of all funds were not being done in accordance with the Treasurer's bylaw responsibilities. (see <i>Appendix B</i> for Treasurer duties.)</p> <p>We were unable to determine what players might remain unpaid.</p> <p>We were unable to determine the nature of the Snack Bar Manager's accounting system or tournament accounting. Event and activity accounting is needed for preparing Federal Form 990.</p>
10. Determined that the recorded league registration was documented with the State.	<p>We did not find any evidence that CYBSA had registered as a charity with the State.</p> <p>As CYBSA is an organization that holds assets for charitable purposes and solicits donations from the public, according to California Government Code Section 12581, we recommend it register with the California Attorney General as a charity using Initial Registration CT-1 Form. We also recommend the League file Registration Renewal Fee RRF-1 Form for 2015 and any other years for which it has filing responsibility.</p>
11. Reviewed the League's board minutes for the last twelve months.	<p>CYBSA did have good minutes for 2015, including a 2015 budget document.</p> <p>In <i>Appendix D</i>, we have provided guidance on holding corporate meetings from California Corporate Code Section 5210-5215. Please see Section 5215 for information on improving the minutes.</p>
<b>REVIEW OF INSURANCE BINDER</b>	
12. Obtained a copy of the insurance binder to ensure the League had insurance coverage such that the programs included liability protection for the organization, including its employees and volunteers, for liability claims arising out of its	The CYBSA provided us its Certificate of Insurance with \$1 million liability coverage, also covering the City of Coachella as Certificate Holder.



PROCEDURES PERFORMED	FINDINGS
operations. Most importantly, insurance coverage should have a \$1,000,000 general liability which includes covering the City of Coachella.	
<b>ADDITIONAL</b>	
13. Trace payments for use of city facilities to League records.	From limited information received, we determined that the CYBSA paid a 2013 light fee of \$1,945 with a check dated January 22, 2015 and a fee identified as "second installment" of \$4,194 at May 12, 2015. We also noted a 2014 City of Coachella snack bar fee of \$93.50 paid on January 22, 2015.

# PROCEDURES PERFORMED AND FINDINGS – CLAYF

Results of the steps taken for the financial audit of CLAYF are provided below.

PROCEDURES PERFORMED	FINDINGS
<b>INTERNAL CONTROLS</b>	
1. Inquired about how financial transactions were monitored and recorded. Determined that income and expenses from activities were recorded in a manner consistent with sound business practices and that they incorporated elements of dual control.	The financial records provided by CLAYF only included Chase Bank checking account statements for 2014 and 2015, which were extremely limited. CLAYF should record all its transactions (bank, cash, noncash) in registers or journals that allow it to classify the transactions for organization and government reporting.  We recommend that the Treasurer sign the monthly account report as accurate when all the transactions have been properly approved. We further recommend that another officer review and sign the Treasurer's monthly accounting report and bank reconciliation to minimize the risk of fraud and error.
2. Determined that fundraising activities were in-line with the League's bylaws and properly monitored.	Unknown. The information we requested to perform this procedure was not received.
<b>FINANCIAL REPORTING</b>	
3. Obtained monthly or quarterly financial reports to determine reports were prepared routinely. Traced amounts on the reports to the supporting documentation such as bank statements and other documentation as related to the balance sheet items.	Financial reports on assets and liabilities and income and expense did not exist.  We provide <i>Exhibit 2</i> as a summary of CLAYF checking account activity for 2014 and 2015. (Two missing statements were factored in based on the monthly balance change.) Please note that the bank wrote off an overdraft of \$1,086.60 in January 2016. Recording accounting activity using QuickBooks software is recommended.  Important omissions for this period included petty cash activity, noncash activity, and gross event revenue and expense activity.
4. Tested the income statement items on a test basis to determine that transactions were recorded properly.	The information we requested to perform this procedure was not received.
5. Tested how income was recorded and vouched a sample of expenses.	The information we requested to perform this procedure was not received.

PROCEDURES PERFORMED	FINDINGS
<b>QUALIFIED AMATEUR SPORTS ORGANIZATION UNDER IRC 501(c)(3)</b>	
6. Determined that the League met the IRS requirements of a Qualified Amateur Sports Organization and tax exempt charitable organization as discussed in our Letter of Agreement.	<p>CLAYF was incorporated in California as Coachella Youth Football, Inc. on August 16, 2011 and received tax-exempt status from the IRS in a letter dated August 19, 2014, effective August 16, 2011 for accounting periods ending December 31.</p> <p>Our work was limited on this procedure, as we did not receive CLAYF Form 1023 Application for Recognition of Exemption nor any of the narrative attachments and line item explanations required to be provided as supplemental to the form. We recommend CLAYF request a copy of its full Form 1023 from the IRS using IRS Form 4506-A.</p> <p>If CLAYF has not been filing its Form 990 reports with the IRS, it is in serious danger of losing its tax exemption. The IRS commonly revokes exemption after three years of non-filing. We recommend that CLAYF file appropriate 2011–2015 Form 990 series reports as soon as possible.</p>
<b>TAX FILINGS</b>	
7. If applicable, determined that the League had filed the appropriate tax compliance documents. Obtained a copy of the returns.	<p>The information we requested to perform this procedure was not received.</p> <p>We did not receive any Form 990 series filings for CLAYF, which apparently have not been prepared, even though the IRS allows a simple 990-N filing for organizations with revenue normally under \$50,000. We recommend that the required California filings be filed when due.</p>
8. Determined that the League had both determination letters from the federal government as a 501(c)(3) and the Franchise Tax Board (23701d).	<p>CLAYF received tax-exempt status from the IRS in a letter dated August 19, 2014, effective August 16, 2011.</p> <p>We determined online that CLAYF had nonprofit corporate status with the IRS and Franchise Tax Board of California. We confirmed at the California Secretary of State website that CLAYF is an active California corporation.</p>

PROCEDURES PERFORMED	FINDINGS
<b>REVIEW OF BYLAWS</b>	
9. Obtained a copy of the bylaws and determined that the League was operating substantially within its bylaws.	CLAYF's bylaws were minimal. We recommend that CLAYF consult with other leagues or seek professional help for creating more thorough bylaws.
10. Determined that the recorded league registration was documented with the state.	The information we requested to perform this procedure was not received.
11. Reviewed the League's board minutes for the last twelve months.	The information we requested to perform this procedure was not received.
<b>REVIEW OF INSURANCE BINDER</b>	
12. Obtained a copy of the insurance binder to ensure the League had insurance coverage such that the programs included liability protection for the organization, including its employees and volunteers, for liability claims arising out of its operations. Most importantly, insurance coverage should have a \$1,000,000 general liability which includes covering the City of Coachella.	The information we requested to perform this procedure was not received.
<b>ADDITIONAL</b>	
13. As requested by Public Service Director, traced payments for use of city facilities to league records.	The information we requested to perform this procedure was not received.



## EXHIBIT 1 – CYBSA CHECKING ACCOUNT ACTIVITY FROM JANUARY 14, 2015 TO AUGUST 18, 2015

		Amount
Wells Fargo Checking January 14, 2015	\$	0.00
<b>Receipts</b>		
Opening deposit	\$ 595.50	
Registration	22,962.00	
Tournaments, net	2,275.20	
Snack bar, petty cash	6,593.80	
Sponsorships	1,650.00	34,076.50
<b>Disbursements</b>		
City fees	6,139.00	
Bank fees	276.37	
Other fees	1,150.00	
Snack bar	4,932.32	
Net transfer to savings	150.00	
Equipment, trophies, etc.	7,436.00	
Insurance	1,531.00	
Office	175.80	(21,790.49)
Missing register detail March 3 to 23, net		(7,011.89)
Other, untraced		488.43
<b>Balance August 18, 2015</b>	<b>\$</b>	<b>5,762.55</b>



## EXHIBIT 2 – CLAYF BANKING SUMMARY 2014 AND 2015

		Beginning	Deposits	Checks	Fees & Electronic	Ending
Chase Checking #581	2014	\$ 263.58	\$ 24,524.33	\$ (17,922.50)	\$ (7,113.94)	\$ (248.53)
Chase Checking #966	2014	0.00	6,519.82	(584.00)	(5,945.16)	(9.34)
Chase Checking #966	2015	(9.34)	16,576.25	(4,332.20)	(13,321.31)	(1,086.60)
Chase Overdraft Write-Off	2015	(1,086.60)	1,086.60			0.00

## APPENDIX A

### Financial Excerpts from Memorandum of Understanding between the City and the Leagues

#### 6. Record Keeping.

6.1 The following documents must be provided to the City thirty (30) days prior to the commencement of the sports season in order to ensure no delays are experienced in permitting sport season play: copy of the league bylaws, copy of the league board, copy of the league's current 501c3 status, current insurance documents providing the coverage referenced in section 5. A facility use permit will not be issued without the above noted documents. If the documents are not provided to the City thirty (30) days prior to the commencement of the sports season the Sports League may experience up to a thirty (30) day delay in obtaining the required Facility Use Permit for facility access.

6.4 The Sports Leagues shall keep and maintain during the term of this MOU, in accordance with generally accepted accounting principles, complete books of accounts and accounting records collectively, the "Books and Records") of all league enrollment fees, purchases and receipts of merchandise, food, beverage, inventories and all sales and other transactions from which the Sports Leagues' receipts and charges are or can be determined.

6.5 The Sports Leagues shall record all transactions, at the time each transaction is made, whether for cash or credit.

6.6 The Sports Leagues shall retain the Books and Records during the term of this MOU and for a period of at least four (4) years after the end of each calendar year thereof.

7. User Fees. The Sports Leagues must pay the approved user fees for their use of City facilities. All uses must be permitted and codified per an issued Facility Use Permit approved of by the City of Coachella's Public Works Director.

8. Financial Audit. The Books and Records shall, upon five (5) business days' prior written notice to the Sports Leagues, be open for inspection by City, its auditors or other authorized representatives.

## APPENDIX B

### CYBSA Bylaws – Treasurer Duties Excerpt

Shall keep an accurate account of all financial transactions authorized by the Board of Directors and/or the President. He or she shall insure payment of all bills authorized by the Board of Directors. He or she shall provide a Treasurer's report at each regular and general membership meeting. He or she shall prepare and promulgate a Budget at least sixty (60) days prior to the start of the League season. He or she shall deposit all funds in an accredited banking institution and make all disbursements by check. No petty cash shall be allowed.

## APPENDIX C

### Excerpt from IRS Publication 1771, Charitable Contributions Substantiation and Disclosure Requirements

#### *Written acknowledgment requirement*

A donor cannot claim a tax deduction for any single contribution of \$250 or more unless the donor obtains a contemporaneous, written acknowledgment of the contribution from the recipient organization. An organization that does not acknowledge a contribution incurs no penalty; but, without a written acknowledgment, the donor cannot claim the tax deduction. Although it is a donor's responsibility to obtain a written acknowledgment, an organization can assist a donor by providing a timely, written statement containing the following information:

1. Name of organization
2. Amount of cash contribution
3. Description (but not the value) of non-cash contribution
4. Statement that no goods or services were provided by the organization in return for the contribution, if that was the case
5. Description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution
6. Statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits (described later in this publication), if that was the case

## APPENDIX D

### Meetings and Minutes Guidance

#### California CORPORATIONS CODE, SECTION 5210-5215

5210. Each corporation shall have a board of directors. Subject to the provisions of this part and any limitations in the articles or bylaws relating to action required to be approved by the members (Section 5034), or by a majority of all members (Section 5033), the activities and affairs of a corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board. The board may delegate the management of the activities of the corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs, of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.

5211. (a) Unless otherwise provided in the articles or in the bylaws, all of the following apply:

(1) Meetings of the board may be called by the chair of the board or the president or any vice president or the secretary or any two directors.

(2) Regular meetings of the board may be held without notice if the time and place of the meetings are fixed by the bylaws or the board. Special meetings of the board shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the corporation (Section 20). The articles or bylaws may not dispense with notice of a special meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board.

(3) Notice of a meeting need not be given to a director who provides a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. These waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.



(4) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of an adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

(5) Meetings of the board may be held at a place within or without the state that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, designated in the bylaws or by resolution of the board.

(6) Directors may participate in a meeting through use of conference telephone, electronic video screen communication or electronic transmission by and to the corporation (Sections 20 and 21). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all directors participating in the meeting are able to hear one another. Participation in a meeting through use of electronic transmission by and to the corporation, other than conference telephone and electronic video screen communication, pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each director participating in the meeting can communicate with all of the other directors concurrently.

(B) Each director is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(7) A majority of the number of directors authorized in or pursuant to the articles or bylaws constitutes a quorum of the board for the transaction of business. The articles or bylaws may require the presence of one or more specified directors in order to constitute a quorum of the board to transact business, as long as the death or nonexistence of a specified director or the death or nonexistence of the person or persons otherwise authorized to appoint or designate that director does not prevent the corporation from transacting business in the normal course of events. The articles or bylaws may not provide that a quorum shall be less than one-fifth the number of directors authorized in or pursuant to the articles or bylaws, or less than two, whichever is larger, unless the number of directors authorized in or pursuant to the articles or bylaws is one, in which case one director constitutes a quorum.

(8) Subject to the provisions of Sections 5212, 5233, 5234, 5235, and subdivision (e) of Section 5238, an act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting, or a greater number required by this division, the articles or the bylaws.

(b) An action required or permitted to be taken by the board may be taken without a meeting if all directors individually or collectively consent in writing to that action and if, subject to subdivision (a) of Section 5224, the number of directors then in office constitutes a quorum. The written consent or consents shall be filed with the minutes of the proceedings of the board. The action by written consent shall have the same force and effect as a unanimous vote of the directors. For purposes of this subdivision only, "all directors" does not include an "interested director" as defined in subdivision (a) of Section 5233 or a "common director" as described in subdivision (b) of Section 5234 who abstains in writing from providing consent, where (1) the facts described in paragraph (2) or (3) of subdivision (d) of Section 5233 are established or the provisions of paragraph (1) or (2) of subdivision (a) of Section 5234 are satisfied, as appropriate, at or prior to execution of the written consent or consents; (2) the establishment of those facts or satisfaction of those provisions, as applicable, is included in the written consent or consents executed by the noninterested or noncommon directors or in other records of the corporation; and (3) the noninterested or noncommon directors, as applicable, approve the action by a vote that is sufficient without counting the votes of the interested directors or common directors.

(c) Each director shall have one vote on each matter presented to the board of directors for action. No director may vote by proxy.

(d) The provisions of this section apply also to incorporators, to committees of the board, and to action by those incorporators or committees mutatis mutandis.



5212. (a) The board may, by resolution adopted by a majority of the number of directors then in office, provided that a quorum is present, create one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. Appointments to such committees shall be by a majority vote of the directors then in office, unless the articles or bylaws require a majority vote of the number of directors authorized in or pursuant to the articles or bylaws. The bylaws may authorize one or more such committees, each consisting of two or more directors, and may provide that a specified officer or officers who are also directors of the corporation shall be a member or members of such committee or committees. The board may appoint one or more directors as alternate members of such committee, who may replace any absent member at any meeting of the committee. Such committee, to the extent provided in the resolution of the board or in the bylaws, shall have all the authority of the board, except with respect to:

(1) The approval of any action for which this part also requires approval of the members (Section 5034) or approval of a majority of all members (Section 5033), regardless of whether the corporation has members.

(2) The filling of vacancies on the board or in any committee which has the authority of the board.

(3) The fixing of compensation of the directors for serving on the board or on any committee.

(4) The amendment or repeal of bylaws or the adoption of new bylaws.

(5) The amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable.

(6) The appointment of committees of the board or the members thereof.

(7) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.

(8) The approval of any self-dealing transaction except as provided in paragraph (3) of subdivision (d) of Section 5233.

(b) A committee exercising the authority of the board shall not include as members persons who are not directors. However, the board may create other committees that do not exercise the authority of the board and these other committees may include persons regardless of whether they are directors.

(c) Unless the bylaws otherwise provide, the board may delegate to any committee powers as authorized by Section 5210, but may not delegate the powers set forth in paragraphs (1) to (8), inclusive, of subdivision (a).

(d) If required by subdivision (e) of Section 12586 of the Government Code, the board shall appoint an audit committee in accordance with that subdivision and for the purposes set forth therein.

5213. (a) A corporation shall have a chair of the board, who may be given the title chair of the board, chairperson of the board, chairman of the board, or chairwoman of the board, or a president or both, a secretary, a treasurer or a chief financial officer or both, and any other officers with any titles and duties as shall be stated in the bylaws or determined by the board and as may be necessary to enable it to sign instruments. The president, or if there is no president the chair of the board, is the general manager and chief executive officer of the corporation, unless otherwise provided in the articles or bylaws. Unless otherwise specified in the articles or the bylaws, if there is no chief financial officer, the treasurer is the chief financial officer of the corporation. Any number of offices may be held by the same person unless the articles or bylaws provide otherwise, except that no person serving as the secretary, the treasurer, or the chief financial officer may serve concurrently as the president or chair of the board. Any compensation of the president or chief executive officer and the chief financial officer or treasurer shall be determined in accordance with subdivision (g) of Section 12586 of the Government Code, if applicable.

(b) Except as otherwise provided by the articles or bylaws, officers shall be chosen by the board and serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time upon 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.

(c) If the articles or bylaws provide for the election of any officers by the members, the term of office of the elected officer shall be one year unless the articles or bylaws provide for a different term which shall not exceed three years.



5214. Subject to the provisions of subdivision (a) of Section 5141 and Section 5142, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between any corporation and any other person, when signed by any one of the chairman of the board, the president or any vice president and by any one of the secretary, any assistant secretary, the chief financial officer or any assistant treasurer of such corporation, is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same.

5215. The original or a copy in writing or in any other form capable of being converted into clearly legible tangible form of the bylaws or of the minutes of any incorporators', members', directors', committee or other meeting or of any resolution adopted by the board or a committee thereof, or members, certified to be a true copy by a person purporting to be the secretary or an assistant secretary of the corporation, is prima facie evidence of the adoption of such bylaws or resolution or of the due holding of such meeting and of the matters stated therein.

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