

Bylaws

Divine Mercy Radio, Raleigh, North Carolina

ARTICLE ONE: NAME AND PURPOSE

- 1.1 The name of the corporation is Divine Mercy Radio (hereinafter also referred to as the “Corporation”), having its principal office in Raleigh, Wake County, North Carolina, and such other offices and facilities as the Board of Directors may from time to time determine or as the affairs of the Corporation may require.
- 1.2 General Purpose: The Corporation exists for charitable and educational purposes only and has not been formed for pecuniary profit or financial gain, and no part of the assets or net earnings, income or profit of the Corporation shall inure to or be distributed to the benefit of any donor, director, officer, employee or private 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 charitable or educational purposes as set forth in these Bylaws.
 - 1.2.1 Specific Purpose: Within the context of the General Purpose set forth in paragraph 1.2 above, Divine Marcy Radio is a lay apostolate dedicated to spreading the knowledge, love and practice of the Roman Catholic Faith by means of the media of radio. Our programming content is therefore primarily catechetical, devotional, and inspirational. Divine Mercy Radio exists in response to the call of the Second Vatican Council of the Catholic Church for the laity to evangelize, and to its call to use the media to this effect. Divine Mercy Radio declares an absolute faithfulness to the Holy Father and the Bishops in union with him. We are bound to accurately and fully transmit the Faith as proposed by the Teaching Authority of the Church. We are specifically bound by the vehicle in which it is proposed for our time, the Catechism of the Catholic Church. These qualities shape our service to the faithful of the Raleigh Diocese to which our programming is directed, our obedience to our Bishop, and our assistance to local priests and religious. The Corporation may engage in any and all lawful activities incidental to these purposes except as restricted in these Bylaws.
- 1.3 Limitations:
 - 1.3.1 Legislative and Political Activity
No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distributing of statements in connection with) any political campaign on behalf of or in opposition to any candidate for public office. The Corporation may make the election provided in Section 501(h) of the

Code with respect to influencing legislation and, only if it so elects, may make lobbying or grassroots expenditures that do not normally exceed the ceiling amounts prescribed by Sections 501(h)(2)(B) and (D) of the Code.

1.3.2 Property

The property, assets, profits, and net income of the Corporation are dedicated irrevocably to the purposes set forth in paragraphs 1.2 and 1.3 above. No part of the profits or net earnings of the Corporation shall ever inure to the benefit of any of its directors or officers, or to the benefit of any private individual.

1.3.3 Exempt Activities: Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any activities not permitted to be carried on:

- (1) By a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or
- (2) By a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, as amended.

1.3.4 Limitations in Case of Private Foundation Status

At any time during which the Corporation shall be classified as a "private foundation" as that term is defined by § 509 of the Code or the corresponding provision of any subsequent federal tax laws:

- (1) The Corporation shall not engage in any act of self-dealing as defined in § 4941(d) of the Code or the corresponding provision of any subsequent federal tax laws;
- (2) The Corporation shall make distributions of such amounts for each taxable year at such time and in such manner as not to become subject to the tax imposed by § 4942 of the Code or the corresponding provision of any subsequent federal tax laws;
- (3) The Corporation shall not retain any excess business holdings as defined in § 4943(c) of the Code or the corresponding provision of any subsequent federal tax laws;
- (4) The Corporation shall not make any investments in such manner as to subject it to tax under § 4944 of the Code or the corresponding provision of any subsequent federal tax laws; and
- (5) The Corporation shall not make any taxable expenditures as defined in § 4945(d) of the Code or the corresponding provision of any subsequent federal tax laws.

ARTICLE TWO: MEMBERSHIP

- 2.1 The Corporation shall have no members.

ARTICLE THREE: MANAGEMENT

- 3.1 The business and property of the Corporation shall be managed by a board of directors of not less than three (3) nor more than eleven (11).
- 3.2 The board of directors of the Corporation shall be elected each year by a majority vote of the directors at the annual meeting of the Corporation. The annual meeting of the Corporation shall be held during the first calendar quarter of each year on a date and at a time and place to be set by the board of directors.
- 3.3 The fiscal year for the Corporation shall be the calendar year, January 1 through December 31 of each year.
- 3.4 Following an initial term for the board of directors as of the date of adoption of these Bylaws (the “current directors”), the term of office of the members of the board shall be for three (3) years or longer, if deemed necessary by the board. Director terms shall be staggered with one third (1/3) of the positions open for election every year. The terms of the current directors and the rules of staggering terms shall be adopted at the annual meeting of the corporation for the year 2007 and revised at annual meetings thereafter if necessary.
- 3.5 The board of directors shall hold regular meetings on the first Friday of each month, unless otherwise specified by the board of directors, and such special meetings as they shall deem necessary for the competent management of the affairs of the Corporation. Regular and special meetings of the board of directors shall be held upon ten (10) days prior notice either in writing or by telephone or by electronic mail of the time, date, and location of the meeting. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in the notice or written waiver of notice of such meeting. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.
- 3.6 Each member of the board of directors shall possess one (1) vote in matters coming before the board. All voting at meetings of the board of directors shall be by each member in person and voting by proxy shall not be allowed. A majority of the members of the board of directors in attendance at any annual or regular meeting shall constitute a quorum; at least one-third (1/3) of the members of the board of directors in attendance at a special meeting shall constitute a quorum for that meeting. A simple majority vote of the members present at a meeting of the board in favor of any motion shall carry the motion; PROVIDED, that election or appointment of any member to the board shall require a 2/3 majority vote of those present at the meeting at which the election is conducted; FURTHER PROVIDED, that pursuant to paragraph 6.1 below resolutions shall require a two-thirds (2/3) majority vote of those present at the meeting at which the resolution is voted upon.

- 3.7 Any member of the board of directors may be removed from office by a two-thirds (2/3) vote of the board at an annual, regular or special meeting of the board. Three unexcused absences from board meetings within a one year period shall be grounds for the removal of any member from the board. Notice of proposed removal of a member of the board must be given to such party at least thirty (30) days prior to the date of the meeting at which such removal is to be voted upon. Such notice to the member must state the cause for the proposed removal.
- 3.8 Any vacancy occurring on the board of directors by reason of death, resignation or removal of a director shall be filled by appointment of the board of directors. Such appointee shall serve during the unexpired term of the director whose position has become vacant.
- 3.9 A person shall not be qualified to serve on the board of directors unless said person is in agreement with the mission statement and the philosophy of Divine Mercy Radio.
- 3.10 Within a reasonable time after their election, the members of the board of directors shall elect from their number Chairman, Vice-Chairman, Secretary and Treasurer. All such officers of the board shall hold office for a term of one (1) year. At the end of such term, the board of directors shall hold an election to select from their number the above-mentioned officers.
- 3.11 Action taken by a majority of the directors without a meeting is nevertheless a board action if written consent to the action in question is signed by all of the members of the board of directors and filed with the minutes of the proceedings of the board, whether done before or after the action is so taken.
- 3.12 Any one (1) or more directors or members of a board committee may participate in a meeting of the board of directors or board committee by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other, and such participation in a meeting shall be deemed presence in person at such meeting. The Corporation may conduct any action or set of actions by electronic means, such as by electronic mail.

ARTICLE FOUR: OFFICERS

- 4.1 Chairman: The Chairman of the board of directors shall supervise all activities of the Corporation; execute all instruments in its behalf when specifically authorized by the board of directors to do so; preside at all meetings of the board of directors; call such meetings of the board as shall be deemed necessary; and perform such other duties usually inherent to such office.
- 4.2 Vice-Chairman: The Vice-Chairman of the board of directors shall act for the Chairman in his absence and perform such other acts as the Chairman directs.
- 4.3 Secretary: The Secretary shall keep all records of the board of directors and of the Corporation and shall perform such other acts as the Chairman directs.
- 4.4 Treasurer: The Treasurer shall receive and be accountable for all funds belonging to the

Corporation; pay all obligations incurred by the Corporation when payment is authorized by the board of directors; maintain bank accounts in depositories designated by the board of directors; and render financial reports to the board of directors on at least a quarterly basis.

ARTICLE FIVE: CHECKS, LOANS and DEPOSITS

- 5.1 All resolutions adopted by the board of directors, pursuant to any business transacted on behalf of the Corporation under this Article, must be approved by a two-thirds (2/3) vote of the board of directors present at the meeting in which said vote is taken.
- 5.2 The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.
- 5.3 No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the board of directors. Such authority may be general or confined to specific instances.
- 5.4 All checks, drafts or other orders for the payment of money, notes or other evidences 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 from time-to-time determined by resolution of the board of directors.
- 5.5 All funds of the Corporation not otherwise employed shall be deposited at a minimum on a biweekly basis to the credit of the Corporation in such banks, trust companies or other depositories as the board of directors may select.
- 5.6 No officer, employee or agent of the Corporation shall have the power to bind the Corporation by contract or otherwise unless authorized to do so by the board of directors.

ARTICLE SIX: BOOKS AND RECORDS

- 6.1 The books and records of the Corporation may be kept within or without the state of North Carolina in such place or places as may from time-to-time be designated by resolution of the board of directors.

ARTICLE EIGHT: CONFLICT OF INTEREST

- 8.1 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 improperly the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interests applicable to nonprofit and charitable organizations. Further, the board may adopt supplemental explanations or procedures as policies so long as they do not contradict this

Article.

8.2 The following definitions shall apply for purposes of this Article:

- a. Interested Person: Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
- b. Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business investment, or family:
 - i. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement.
 - ii. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
 - iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.
- b. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

8.3 Procedures:

- a. Duty to Disclose: In connection with any actual or possible conflict of interest, 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 with governing board delegated powers considering the proposed transaction or arrangement.
- b. Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing 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.
- c. Procedures for Addressing the Conflict of Interest:

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, the interested person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - i. After exercising due diligence, the governing 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.
 - ii. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors 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 agreement.
- d. Violations of the Conflicts of Interest Policy:
 - a. If the governing 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 governing 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.

8.3.1 Records of Proceedings: The minutes of the governing 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 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.

8.4 Compensation:

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE NINE: INDEMNIFICATION

9.1 Right To Indemnification Under N.C. Gen. Stat. § 55A-8-51:

- a. Except as provided in subparagraph d. of this paragraph 9.1, the Corporation shall indemnify an individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if the individual (a) conducted himself in good faith; (b) reasonably believed (i) in the case of conduct in his official capacity with the Corporation, that his conduct was in its best interests, and (ii) in all other cases, that his conduct was at least not opposed to the Corporation's best interests; and (c) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.
- b. A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirement of subparagraph a. above.
- c. The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of no contest or its equivalent is not of itself determinative that the director did not meet the standard of conduct set forth in subparagraph a. above.
- d. The Corporation shall not indemnify a director in connection with the proceeding by

or in right of the Corporation in which the director is adjudged liable to the Corporation or in connection with any other proceeding charging improper personal benefit to the director, whether or not involving action in his official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director.

- e. Indemnification hereunder in connection with a proceeding by or in the right of the Corporation that is concluded without a final adjudication on the issue of liability is limited to reasonable expenses incurred in connection with the proceeding.
- f. The authorization, approval or favorable recommendation by the board of indemnification as authorized hereunder shall not be deemed an act or corporate transaction in which a director has a conflict of interest and no such indemnification shall be void or voidable on such ground.

9.2 Right to Indemnification under N.C. Gen. Stat. § 55A-8-52: The Corporation shall indemnify a director who is wholly successful on the merits or otherwise in the defense of any proceeding to which the director was a party because he is or was a director of the Corporation against reasonable expenses actually incurred by the director in connection with the proceeding.

9.3 Advances under N.C. Gen. Stat. § 55A-8-53: Expenses incurred by a director in defending a proceeding shall be paid by the Corporation in advance of the final disposition of the proceeding upon receipt of an agreement by or on behalf of the director to repay such amount unless it is ultimately determined that the director is entitled to be indemnified by the Corporation against such expenses.

9.4 Court-Ordered Indemnification under N.C. Gen. Stat. § 55A-8-54: A director of the Corporation who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. The court may order indemnification if it determines that (i) the director is entitled to mandatory indemnification under N.C. Gen. Stat. § 55A-8-52, in which case the Corporation shall also pay the director's reasonable expenses incurred to obtain court-ordered indemnification, or (ii) the director is fairly and reasonably entitled to indemnification in whole or in part in view of all the relevant circumstances, whether or not the director met the standard of conduct set forth in N.C. Gen. Stat. § 55A-8-51 or was adjudged liable as described in N.C. Gen. Stat. § 55A-8-51(d), but if the director is adjudged so liable, such indemnification is limited to reasonable expenses incurred.

9.5 Determination and Authorization of Indemnification under N.C. Gen. Stat. § 55A-8-54:

- a. The Corporation shall not indemnify a director under N.C. Gen. Stat. § 55A-8-51 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because the director met the standard of conduct set forth in N.C. Gen. Stat. § 55A-8-51. The

board shall make the determination by a majority vote of a quorum consisting of directors not at the time parties to the proceeding. If such a quorum cannot be obtained, such determination thereupon shall be made by a majority vote of a committee duly designated by the board (in which designation directors who are parties may participate), consisting solely of two (2) or more directors not at the time parties to the proceeding. If the foregoing two (2) methods of determination cannot be made, then such determination shall be made by special legal counsel selected by the board or a committee in the manner prescribed herein, or if a quorum of the board cannot be obtained and a committee cannot be designated, then selected by a majority vote of the full board in which selection directors who are parties may participate.

- b. Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if special legal counsel makes the determination, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled to select counsel hereunder.

9.6 Indemnification of Officers, Employees, and Agents Under N.C. Gen. Stat. § 55A-8-56:

An officer, employee, or agent of the Corporation is entitled to indemnification under this subsection to the same extent as a director. The Corporation shall advance expenses to an officer, employee, or agent of the Corporation to the same extent as to a director.

9.7 Immunity from Civil Liability:

- 9.8 Directors and officers of the Corporation shall be immune from civil liability for monetary damages arising out of their service as such to the fullest extent authorized by law, including but not limited to that immunity authorized by N.C. Gen. Stat. §§ 1-539.10, 55A-2-02(b)(4), and 55A-8-60, or any successor provisions of law.

ARTICLE TEN: AMENDMENTS

- 10.1 These Bylaws may be amended by a two-thirds (2/3) majority vote of the board of directors of the Corporation, whether at the annual meeting, at any regular meeting, or at a special meeting called for the purpose of amending these Bylaws; PROVIDED that any provision of these Bylaws not pertaining to appointment, election or removal of any member of the board, and not pertaining to paragraph 6.1 herein, may be amended by a majority of those members constituting a quorum at the meeting.
- 10.2 These Bylaws supersede all previous bylaws associated with Divine Mercy Radio. Any bylaws previously in use by Divine Mercy Radio are no longer in effect.

ADOPTED this 20th day of August, 2008

