

BY-LAWS OF
DELAWARE NURSING CENTERS, INC.
A Non-Profit Corporation

ARTICLE I: CORPORATION

Section 1.1 Name

The name of the Corporation shall be Delaware Nursing Centers, Inc.
The name may also be referred to as DNC.

Section 1.2 Seal

There shall be a corporate seal. It shall bear the name of the Corporation,
the year of its organization and the words "Corporate Seal."

Section 1.3 Registered Office and Registered Agent

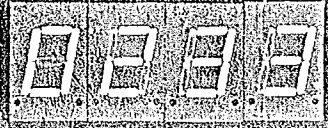
The registered office in the State of Delaware is to be located at 1102
West Street, County of New Castle, City of Wilmington. The registered
agent in charge thereof is Colonial Charter Company, 1102 West Street,
Wilmington, Delaware.

Section 1.4 Membership

The membership of the Corporation shall consist of and be limited to a
Board of Directors, who shall be selected in accordance with the provisions
of Article II, herein.

Section 1.5 Annual Meeting

The annual meeting of the Corporation shall be held between October 1,
and November 30 of each year on a date and at a time and place designated
at the next preceding regular meeting for the purpose of electing directors
and for the transaction of such other business as may come before the
meeting.



ARTICLE II: THE BOARD OF DIRECTORS

Section 2.1 Number and Qualification

The Board of Directors shall be composed of 25 members. At least thirteen (13) members shall be nurses, who have an interest in, and knowledge of, the delivery of quality community health care to underserved areas. At least six (6) members when selected shall be clients in the immediate service area of the nursing center within the Hilltop area or their representatives. At least six (6) of the Directors shall be members of the community at large.

Section 2.2 Selection and Appointment

The Directors named in the Certificate of Incorporation shall appoint the remaining number of initial Directors authorized in Section 2.1. In making such appointments, the Directors may solicit nominations from anti-poverty organizations, client and neighborhood associations and organizations.

Section 2.3 Term

Directors shall be appointed for a term of one year and shall serve until their successors are duly appointed and qualified. Provided, however, that a Director who is appointed to fill an unexpired term shall serve only until the expiration of that term.

Section 2.4 Vacancies

Whenever any vacancy shall occur in the Board of Directors, whether said vacancy is due to resignation, expiration of term, removal or any other reason, the said vacancy shall be filled by appointment, after soliciting nominations in the manner specified in Section 2.2, by a vote of the then remaining Directors.

Section 2.5 Quorum

A quorum for the transaction of any business, including the appointment of Directors will consist of not less than one-third of the membership

the Board of Directors. However, if less than one-third of the Directors are present they may adjourn the meeting from time to time without further notice.

Section 2.6 Powers and Duties

The Board of Directors shall be responsible for the management of the business, activities and affairs of the Corporation. In exercising such functions, the Board shall employ an Executive Director, who shall be responsible to the Board and who shall have such powers and duties as specified in these By-Laws or as designated by the Board from time to time.

Section 2.7 Regular and Special Meetings

Regular meetings of the Board of Directors shall be held at least once each calendar quarter. The Board may provide by resolution, the time and place for holding additional regular meetings of the Board without other notice than such resolution. Special meetings of the Board of Directors shall be called by the President upon the request of not less than three (3) members of the Board and may be called by the President as the President shall from time to time determine.

Section 2.8 Notice

At least three (3) days written notice shall be given for all meetings of the Board, which notice, as to special meetings, shall also set forth the purpose of the meetings. A copy of such notice shall be posted at least three (3) days prior to such meeting in each office maintained by the Corporation. At all meetings of the Board, only Directors present in person shall be entitled to vote. All meetings of the Board shall be public except for those concerned with matters properly discussed in executive session.

Section 2.9 Compensation

Directors shall not receive any compensation for their services as Directors.

Section 2.10 Indemnification

Reference is made to Section 145 and any other relevant provisions of the General Corporation Law of the State of Delaware. Particular reference is made to the class of persons, hereinafter called "Indemnitees," who may be indemnified by a Delaware corporation pursuant to the provisions of such Section 145, namely, any person, or the heirs, executors, or administrators of such person, who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director, officer, employee, or agent of such corporation, or is or was serving at the request of such Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. The Corporation shall, and is hereby obligated to, indemnify the Indemnitees, and each of them in each and every situation where the Corporation is obligated to make such indemnification pursuant to the aforesaid statutory provisions. The Corporation shall indemnify the Indemnitees, and each of them, in each and every situation where, under the aforesaid statutory provisions, the Corporation is not obligated, but is nevertheless permitted or empowered, to make such indemnification, it being understood that, before making such indemnification with respect to any situation covered under this sentence, (i) the Corporation shall promptly make or cause to be made, by any of the methods referred to in subsection (d) of such Section 145, a determination as to whether each Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, in the case of any criminal action or proceeding, had no reasonable cause to believe that his/her conduct was unlawful, and (ii) that no such indemnification shall be made unless it is determined that such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, in the case of any criminal action or proceeding, had no reasonable cause to believe that his/her conduct was unlawful.

Section 2.11 Executive Committee

There shall be an Executive Committee of nine (9) members, consisting)

of the President, Vice-President, Secretary, Treasurer, one other member of the Board of Directors to be selected by the President who shall be a client in the immediate service area or their representative, and the chairpersons of the four (4) standing committees. At least two (2) members of the Executive Committee shall be clients in the immediate service area or their representative. The Executive Committee may exercise all powers of the Board of Directors between its meetings, exclusive of the power to amend the Certificate of Incorporation and the By-Laws. A quorum shall consist of five (5) members and the Committee may act by majority vote of those present and voting. Written notice of all action shall be given to the Board of Directors no later than the next regular Board meeting.

Section 2.12 Finance Fundraising Committee

The Finance Fundraising Committee shall see that reliable financial records are maintained; ensure that complete and straightforward financial reports are prepared and submitted to the Board on a timely basis; anticipate financial problems through the use of a carefully prepared budget; ensure adequate controls to safeguard assets through policies against unauthorized use, adequate insurance, and sound investment policy for excess cash; ensure compliance with financial reporting requirements.

Section 2.13 Personnel/Principles of Practice Committee

The Personnel Committee shall consist of a chairperson and at least four members. The Personnel Committee shall be charged with the responsibility of reviewing personnel policies of DNC including employment practices, employee benefits, employee health and welfare services, retirement, and personnel relations, as well as making appropriate reports and recommendations to the Board.

Section 2.14 Marketing/Public Relations Committee

The Marketing/Public Relations Committee shall be responsible for publicizing the services to be offered and for making the community aware of what services will be offered.

Section 2.15 Community Needs Assessment Committee

The Community Needs Assessment Committee shall be responsible for determining the needs and concerns of the community to be served in order to develop responsive programs that will adequately address these needs and concerns.

Section 2.16 Other Committees

Other committees may be established from time to time by the Board of Directors by majority vote.

Section 2.17 Removal

Upon prior notice, which shall be sent by Certified Mail, Return Receipt requested, at least ten (10) days prior to any meeting, a Director may be removed for just cause by two-thirds of the Directors present and voting. Without limiting the power to remove, it shall be considered just cause for removal if any Directors shall fail to attend, without good cause therefore, three (3) consecutive meetings.

Section 2.18 Outside Interests of Directors

No members of the Board may participate in any decision, action or recommendation with respect to any matter which directly benefits such member or pertains specifically to any firm or organization with which such member is then associated or has been associated within a period of two (2) years. For the purpose of this paragraph, (1) a member of the Board shall be deemed "associated" with a firm or organization if he or she (i) is serving or has served within the past two years as a director, officer, trustee, employee, consultant, agent, or partner thereof or in any of such other capacities as the Board may from time to time determine, (ii) is negotiating or has any arrangement concerning prospective employment therewith, or (iii) has or has had within the past two (2) years any direct or indirect financial or ownership interest therein; and (2) the term "member of the Board" includes a member of the immediate family of a member of the Board. If a Director violates this paragraph in connection with any transaction, the validity of the transaction, unless void by law or voidable by the Corporation, shall not be affected by the violation, but the Director by law may be liable to the Corporation for damages.

Section 2.19 Non-Liability of Directors

No Director of the corporation and no contributor to the corporation shall be liable for the acts or debts of the corporation, its Board of Directors, its agents, or its representatives.

ARTICLE III: OFFICERS AND EMPLOYEES

Section 3.1 Officers

The officers of the Corporation shall be a President, Vice-President, Secretary, and Treasurer, who shall be elected at the annual meeting. They shall hold office for a term of one (1) year and shall have such authority and perform such duties as specified in these By-Laws. Any officer may be removed by the Board whenever in its judgment the best interests of the Corporation shall be served thereby, and the Board shall have the power to fill a vacancy in any office occurring for any reason. Whenever the Secretary shall not be a resident of New Castle County, Corporation shall select an Assistant Secretary who shall be a resident of New Castle County. No officer may hold the same office for more than five (5) consecutive terms.

Section 3.2 President

The President shall preside at all meetings of the Corporation. Except as otherwise authorized by resolution of the Corporation, the President shall sign all contracts and other instruments made by the Corporation. At each meeting the President shall submit such recommendations and information as he or she may consider proper concerning the business, affairs, and policies of the Corporation. The President shall also be the Chairperson of the Executive Committee.

Section 3.3 Vice President

The Vice-President shall perform the duties of the President in the absence or incapacity of the President; and in case of resignation or death of the President, the Vice-President shall perform such duties as are imposed on the President until such time as the Corporation selects a new President.

Section 3.4 Secretary

The Secretary shall act as Secretary of the meetings of the Corporation, record all votes, cause to be kept a record of the proceedings of the Corporation in a journal of proceedings to be kept for such purposes, and shall perform all duties incidental to his/her office.

Section 3.5 Treasurer

The Treasurer may be the Chairperson of the Finance Committee.

Section 3.6 Executive Director

The Executive Director of the Corporation shall have general supervision over the administration of its business and affairs, subject to the direction of the Board of Directors. He or she shall be appointed by resolution of the Board of Directors, who shall determine his/her compensation. The Executive Director shall keep in safe custody the seal of the Corporation and shall have power to affix such seal to all contracts and instruments authorized to be executed by the Corporation.

The Executive Director shall be charged with the management of the programs of the Corporation and his/her duties shall include:

(a) Administration of the nursing center programs of the Corporation including responsibility for employment of professional staff and related support personnel.

(b) Management functions of planning, organizing, staffing, directing, and controlling the operations of the governing body.

(c) Administration of the finances of the Corporation, including the preparation of annual budgets for adoption by the Board; preparation of financial data and reports required by funding sources; the administration of all funds of the Corporation, keeping regular books of accounts showing receipts and expenditures, providing to the Board of Directors at each regular meeting, or more often when required, an account of all Corporate transactions and also of the financial condition of the Corporation.

(d) Such other duties and responsibilities as may be assigned from time to time by the Board of Directors.

Section 3.7 Order of Business

The order of business at any regular or special meeting of the members or the Board shall be:

- (a) Reading and approval of any unapproved minutes;
- (b) Reports of officers and committees;

- (c) Unfinished business;
- (d) New business;
- (e) Adjournment.

Section 3.8 Parliamentary Procedure

On questions of parliamentary procedure not covered in these By-laws, a ruling by the majority shall prevail.

Section 3.9 Employees Relationship to Board of Directors

No employee of the Delaware Nursing Center, Inc. shall serve as a member of the Board of Directors of DNC contemporaneously.

ARTICLE IV: CONTRACTS, CHECKS, DEPOSITS, GIFTS

Section 4.1 Contracts

The Board may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to a specific instance.

Section 4.2 Checks, Drafts, Etc.

All checks, drafts, or 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 shall, from time to time, be determined by resolution of the Board. In absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President of the corporation.

Section 4.3 Deposits

All funds of the corporation shall be deposited, from time to time, to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

Section 4.4 Gifts

The Board may accept, on behalf of the corporation, any contribution, gift, bequest, or device for the general purposes or for any specific purposes of the corporation.

ARTICLE V: DISSOLUTION

Section 5.1 Dissolution

In the event of liquidation or dissolution of the corporation, whether voluntary, involuntary, or by operation of law, the Directors of the corporation shall dispose of any available assets of the corporation by gifts to charitable, medical, or educational institutions which qualify for exemptions under Section 501(a)(4) of the Internal Revenue Code of 1954 or similar provisions of future law. All undistributed public funds shall be disposed of in accordance with the applicable Federal or State statutes.

ARTICLE VI: MISCELLANEOUS

Section 6.1 Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board, any committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purposes at any reasonable time. The Board shall cause an audit of the records of the corporation to be made each year by a certified public accountant and shall comply with all audit procedures set forth by funding agencies a contract agreements or regulations.

Section 6.2 Waiver of Notice

Whenever any notice is required to be given under the provisions of the



statutes of said State or Articles of Incorporation of the By-Laws of the corporation, a Waiver thereof in writing signed by the person or persons entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 6.3 Amendments

(a) The Board of Directors shall have authority to make, alter, amend and repeal the By-Laws by majority vote.

(b) No amendments to the By-Laws shall be permitted unless all members of the Board of Directors receive written notice of any proposed changes, at least five (5) days before any regular or special meeting at which said change shall be considered, except that if at least three-quarters of the total current membership shall be present, then a proposed amendment may be adopted by two-thirds of those present and voting.

Section 6.4 Fiscal Year

The fiscal year of the Corporation shall be January 1 through December 31.

Section 6.5 Effective Date

These By-Laws and any amendments hereto shall become effective upon adoption.



DELAWARE NURSING CENTERS, INC.

July 1, 1984-June 30, 1985 July 1, 1984-June 30, 1986
Operating

<u>Income</u>		
State of Delaware	20,000	25,000
U.S. Government	0	15,000
Fees for Services	10,000	40,000
Foundations	37,000	40,000
Individual contributions	<u>10,000</u>	<u>10,000</u>
Total	77,000	130,000

<u>Expenses</u>		
Nurse Practioner	24,000	25,500
Secretarial	16,000	25,000
Physician Services	10,000	20,000
Med. plan & SS	5,100	6,500
Insurance	3,000	3,500
Audit	-0-	1,000
Travel	500	800
Dues	200	500
Postage	400	500
Printing & Stationery	600	1,000
Telephone	900	1,200
Rent	12,000	12,000
Equipment & Deprec.	1,500	2,500
Supplies	1,000	1,400
Contingency	<u>1,800</u>	<u>3,600</u>
Total	77,000	130,000

Equipment

<u>Income</u>		
U.S. Gov't (HHS)	5,000	-0-
Foundations	<u>6,000</u>	<u>4,500</u>
Total	11,000	4,500

<u>Acquisitions</u>		
Office Equipment	6,000	1,500
Lab & Diagnostic	<u>5,000</u>	<u>3,000</u>
Total	11,000	4,500