

Bylaws
Maine Society of Certified Public Accountants
(as of June 30, 2021)

ARTICLE 1 – NAME

The name of this Society shall be “THE MAINE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS.” It may be referred to as “the Society” and “MECPA,” but such designations are only for convenience.

ARTICLE 2 – OBJECTIVES

The Maine Society of Certified Public Accountants is a state-wide professional organization of Certified Public Accountants and others in public practice, industry, government and education and shall function pursuant to its objectives:

- 2.1 To promote and maintain high standards of integrity and competence within the accounting profession;
- 2.2 To provide a forum for cordial relationships among the members and with others interested in accountancy or related fields;
- 2.3 To serve the professional education and informational needs of the membership;
- 2.4 To improve accountancy education and encourage young people to enter the accounting profession;
- 2.5 To advocate the accounting profession by encouraging improvements in the laws effecting accountancy and in the application of accounting principles or procedures;
- 2.6 To assume responsibility for informing the general public in areas where the accounting profession has a special competency;
- 2.7 To safeguard the interests of the general public by promoting and maintaining the Code of Professional Conduct;
- 2.8 To furnish information regarding accountancy and its practices and methods to persons interested; and
- 2.9 To do any and all things that are lawful and appropriate in the furtherance of these purposes.

ARTICLE 3 – SOCIETY OFFICE

3.1 Location

The principal office of the Maine Society of Certified Public Accountants shall be situated in the State of Maine at a location deemed appropriate by the Board of Governors.

3.2 **Fiscal Year**

The fiscal year shall begin on June 1 of each year and end on May 31 of the following year.

3.3 **Annual Budget**

As early as practical in each fiscal year the Board of Governors shall adopt a budget for that year which may be amended from time to time.

3.4 **Seal**

The seal of the Society shall be a circular disk upon which be inscribed the words, "Maine Society of Certified Public Accountants, Incorporated 1924."

ARTICLE 4 – MEMBERSHIP

4.1 **Designation**

Membership shall consist of Regular, Associate, Student, Retired, Honorary, and other classes of membership as may be approved from time to time. Only Regular Members shall have the right to vote.

4.2 **Regular Membership**

To be eligible for admission to and continuing membership in the Society as a Regular Member, a person shall be:

- a. Of good moral character;
- b. In possession of a valid and unrevoked certified public accountant certificate issued by a legally constituted state authority ("state" shall include the states, territories and territorial possessions of the United States of America and the District of Columbia);
- c. The holder of a certificate in good standing as a chartered or authorized accountant duly and legally issued by and under the authority of the proper board or body of any foreign government whose standards of qualifications is fully equivalent to that of the State of Maine;
- d. Not disqualified by another section of these bylaws; and
- e. Subject to fees, dues and assessments (except as noted) as provided in Article 6.

4.3 **Associate Membership**

Any person not qualified under Regular Membership who is:

- Employed in a professional capacity by an individual or entity qualified in accordance with applicable laws and regulations of a US jurisdiction, to perform audit or other attest; tax or consulting services (CPA firm).
- Employed or supervised by a CPA and who provides accounting services or advice to his/her employer (including but not limited to industry, government, education, not-for-profit) or clients of his/her employer in matters related to accounting, financial management, taxation, auditing or the preparation of financial statements.

- Regularly engaged in the teaching of accounting as a faculty member of a degree granting institution located in Maine;
- Any person who has passed the Uniform CPA Examination
- Non- CPAs working in an accounting capacity, not necessarily in pursuit of licensure and
- An employee of a federal, state or local governmental unit in Maine engaged in accounting, auditing or taxation;
- An individual regularly engaged as a corporate or credentialed Finance Professional at an organization located in Maine

Associate members shall not be entitled to vote or hold office. All Associate members shall automatically become regular members, in whichever class of membership to which entitled, upon issuance of the certificate as a Certified Public Accountant by any State Board of Accountancy. The member shall then notify the Board of Directors of the Society stating the number of certificate, the location of residence, and principal place of business. Associate membership status shall terminate at the end of the Society's next fiscal year immediately following the termination of the employment relationship or status as a faculty member.

4.4 **Student Membership**

An applicant for admission to the Society as a Student member shall be a student enrolled at an accredited four year college or university or an accredited graduate school who will have earned, or be currently in the process of earning, at least 12 credit hours per year in courses that are designated as accounting courses. Student members shall not be entitled to vote or hold office. Membership in this category may be continued for four years.

4.5 **Retired Membership**

Retired status shall be granted to a member who has been a regular member and has voluntarily ceased to engage in all major occupational activity or is permanently disabled and requests this change in status in writing to the Board of Governors.

4.6 **Honorary Membership**

The Society, by a unanimous vote of the members present at any regular or special meeting, by nomination of the Board of Governors, may confer honorary membership on any member or any former member, who through his or her activity has contributed to the success and advancement of the Society or profession. Such members shall be entitled to vote and hold any office but not be liable for dues or assessments.

4.7 **Election to Membership**

All applicants for membership must complete an application form, accompanied by a dues payment according to their respective membership category. Each applicant shall agree that these bylaws and the current Code of Professional Conduct will bind them.

4.8 **Certificate of Membership**

Joining members receive a dues payment acknowledgement which serves as approval of membership by the Executive Committee and evidence of their membership.

4.9 **Resignation**

- a. Members may submit intent to resign in writing, at any time. Nonpayment of annual dues may also be considered notice of resignation.
- b. Any member who resigns while in good standing may apply for reinstatement to membership at any time as provided in this Article.

4.10 **Termination**

- a. If a member is indebted to the Society for dues, assessments or other sums for more than sixty (60) days, the member may be terminated.
- b. Any member may be suspended or terminated in accordance with applicable provisions of Article 12.
- c. The provisions of this section will not apply if any investigation or inquiry of a member has been initiated by the Professional Ethics Committee of the Society, by the Professional Ethics Division of the AICPA, or by the Joint Trial Board of the AICPA, unless the Committee, the Division, or the Joint Trial Board, as the case may be, recommends that such provisions apply.

4.11 **Reinstatement**

- a. Any member who shall have forfeited membership for nonpayment of dues or other amounts due to the Society may be reinstated by unanimous vote of the Executive Committee present and voting, provided that the person applying shall remit the application for reinstatement along with the amount of dues or other obligations which would have been payable at the time of the forfeiture of membership.
- b. Any member whose membership has not been continued for failure to comply with Article 12 of these bylaws, may apply to the Executive Committee for reinstatement, provided that both past and current requirements established therein have been met.

ARTICLE 5 - OBLIGATIONS OF MEMBERS

It shall be the obligation of each member to:

1. Promote the best interest of the Society;
2. Abide by these bylaws, the current AICPA Code of Professional Conduct, and all the rules and regulations of the Maine Board of Accountancy;
3. Report in writing any breach of the bylaws, which come to his or her notice, to the Society's Professional Ethics Committee.

5.1 Peer Review

Regular and Associate members in public practice in the attest area shall be required to be associated as a proprietor, partner, member, shareholder or employee with a firm enrolled in a MECPA-approved practice monitoring program. Approved programs include the Peer Review Program of the AICPA Peer Review Division (e.g. NEPR) and the Peer Review Program of the AICPA Division for CPA Firms. The Board has the authority to designate other programs as approved programs as well. Members of new firms that have registered with a practice-monitoring program but have not yet had their quality or peer review qualify for membership.

5.2 Continuing Professional Education

Regular and Associate members in public practice shall demonstrate the completion of at least the minimum required hours of Continuing Professional Education in the period established for the individual member by the state agency regulating the practice of accountancy.

5.3 Compliance

Each member shall certify compliance applicable with Sections 5.1 and 5.2 of this Article on the remittance copy of the annual dues notice.

ARTICLE 6 - FEES, DUES, AND ASSESSMENTS

6.1 Application Fee

- a. The application fee shall be determined by the Board of Governors.
- b. The application fee shall accompany the application when it is submitted.
- c. In event of rejection of the application, the application fee shall be returned.

6.2 Proration of Initial Dues

Members, upon admission, shall be subject to dues levied for the current fiscal year, prorated from the date of admission.

6.3 Dues

- a. Annual dues for members shall be determined by the Board of Governors.
- b. The Executive Committee may establish dues in different amounts for different groups of members subject to the approval of the Board of Governors.
- c. Dues shall be payable, in full, in advance for each fiscal year of the Society.

6.4 Dues in Arrears

- a. Any member who fails to pay the annual dues within sixty (60) days after the beginning of the fiscal year or after admission to membership shall be notified by the Secretary or Treasurer of the Society that such member is in arrears. Unless the arrearage is discharged within ninety (90) days after the beginning of the fiscal year or after admission to membership, the member shall then be reported as delinquent to the Board of Governors and shall be automatically terminated as a member of the Society.

- b. No member of the Society shall be terminated while an investigation by the Professional Ethics Committee of the Society or by the Professional Ethics Committee or equivalent of the American Institute of Certified Public Accountants (AICPA) is being conducted.

6.5 Assessments

An assessment, if voted by the Board of Governors, may be levied upon the membership only if it is approved by the following:

- a. A majority of Regular members voting at any meeting provided that at least thirty (30) days prior to such meeting a written or electronic notice has been given to the entire voting membership that a vote is to be taken; or
- b. A majority vote of Regular members voting in a mail vote or electronically as provided in Article 7.

6.6 Exceptions

The Board of Governors shall have the authority to make special exceptions to the provisions of Sections 4 and 5 of this Article herein when good cause so warrants.

ARTICLE 7 - MEETINGS

7.1 Notice

Written notice of all meetings of the Society stating date, time and location shall be mailed or electronically distributed to members at least seven (7) days prior to the date of any such meeting.

7.2 Quorum

At all meetings of the Society, ten (10) members eligible to vote shall constitute a quorum for the transaction of any business duly presented at any meeting of the Society. A majority of the Board of Governors shall constitute a quorum of the Board. A majority of committee members shall constitute a quorum of any committee.

7.3 Waiver of Notice

Whenever any notice is required to be given under these bylaws, a waiver thereof in writing, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to such notice.

7.4 Annual Meeting

Every effort shall be made to hold the Annual Meeting of the Society prior to June 1st each year.

7.5 Special Meetings

Special meetings of the Society may be called at any time by the President or by vote of the Board of Governors, or upon written request of at least ten (10) members. Such meeting shall be held within sixty (60) days of the request at a place designated by the

Board of Governors. No business shall be transacted at a special meeting other than the business for which the meeting shall have been convened.

7.6 Voting

Each member, eligible as provided in Article 4, shall be entitled to one vote upon each matter submitted to a vote at meeting of members. Voting by proxy shall not be permitted.

7.7 Advisory Vote

A mail or electronic vote of the members to be used to advise the Board of Governors shall be taken when directed:

- a. by vote of the Board;
- b. by vote of a meeting; or
- c. by petition signed by at least five percent (5%) of the members and filed with the Secretary.

The Secretary shall prepare the ballot for the mail or electronic vote and set forth in it a fair statement of the matter to be voted on and the results of any previous vote of the Board and/or of the members. The ballots shall be distributed to members within thirty (30) days from the date of the event that required an advisory vote. Only those ballots, which are received by the Secretary at the Society's office within twenty-one (21) days from the date the ballot was sent to members, shall be counted. The results of the vote shall be published to the members within a reasonable time after the valid ballots are received.

7.8 Records

Records of the proceedings of meetings of the members shall be kept at the principal office of the Society.

7.9 Rules of Order

Robert's Rules of Order, Newly Revised, shall be a guideline for all meetings of the members of the Society, but any failure by a member to adhere strictly thereto shall not give rise to any cause of action.

ARTICLE 8 - GOVERNANCE

8.1 Officers and Their Tenure

The officers shall be a President, a President-Elect, a Secretary and a Treasurer. All officers shall be Regular members of the Society and shall be elected as provided in Article 10. Officers shall hold office from the annual meeting at which they were elected until the next annual meeting, or until the election of their successors, whichever is later.

a. President

The President shall preside at all meetings of the Society's Board of Governors. S/he shall work with the Executive Director to appoint all standing and special

committees, and shall designate a chairperson for each committee established, enforce the bylaws, and perform such other duties as usually pertain to this office.

b. President-Elect

The President-Elect shall act for the President in his/her absence or inability to serve, and shall discharge such other duties as the President or the Board may assign.

c. Secretary

The Secretary shall record the proceedings of the Board of Governors meetings, and any other meetings as instructed by the President. The Secretary shall ensure that adequate communication as prescribed in the bylaws is maintained with all segments of the Society and the profession. If the Secretary is temporarily unable to act at a meeting, a Secretary pro tempore for that meeting shall be appointed by the President.

d. Treasurer

The Treasurer shall have executive charge of the finances and investments of the Society. S/he shall: cause all funds paid to the Society to be deposited in a bank/s or financial instrument/s designated by the Board of Governors; make all investments authorized by the Board; make payments in a manner designated by the Board for expenditures approved by officers or others having the authority granted by the Board to make such approvals; keep books of account and report to the Board in the manner and frequency designated by the Board; furnish, at the expense of the Society, a surety bond in such amount as the Board may specify; and perform all other duties ordinarily pertaining to the office of Treasurer or delegated to him/her by the Board or President. If the Treasurer is temporarily unable to act, a member of the Board, designated by the Board, shall act in his or her stead.

e. Removal and Vacancy

The Board of Governors shall fill any vacancy occurring during a year, for the remainder of the unexpired term. Any one Governor, with the concurrence of a majority of the remaining Board of Governors, may remove any officer from the Board for just cause.

8.2 Executive Director

The Board of Governors may appoint an Executive Director whose duties, compensation and tenure shall be determined by the Board. The Executive Director shall be authorized to employ professional or clerical staff as may be needed. The Executive Director or his/her designee may deploy the Society's resources in accordance with the Society's budget.

8.3 Governors

a. Composition

The Board of Governors shall consist of at least six (6) elected Governors but no more than twelve (12) elected Governors, elected as provided in Article 10. The Board of Governors shall also include the Officers, the Maine representative to the AICPA, and the immediate Past-President. No person shall be a Governor unless s/he is a Regular member of the Society.

b. Election and Terms

Two (2) governors shall be elected each year to serve three (3)-year terms beginning at the annual meeting until the third annual meeting thereafter or until the election of a successor.

c. Duties

The Board of Governors shall:

1. carry out the objectives of the Society;
2. have supervision over the property of the Society and exercise general control;
3. be responsible for statements of position to the membership and public;
4. issue final and binding interpretations of these bylaws; and
5. serve without compensation.

d. Removal and Vacancy

Any Governor may be removed from the Board with or without cause upon recommendation of any one (1) Governor and concurrence by a majority of remaining Governors if in their judgment the best interest of the Society would be served thereby. Absence of a Governor from 3 consecutive meetings shall be deemed a tender of resignation, unless reasons for the absence are provided in writing, prior to the third missed meeting and the reasons are approved by a majority of the Executive Board. If a vacancy occurs in an office or governorship except that of immediate Past President, the Board shall designate a member of the Society to fill the vacancy for the remainder of the term.

e. Ex officio

The President, President-Elect, Secretary and Treasurer shall be ex officio members of all committees, except for the Nominating Committee.

f. Board Meetings

1. The Board of Governors shall hold meetings, as it deems appropriate on the day, and at such time and place as determined by the President.
2. The Board of Governors shall keep a record of its proceedings. A report shall be available at the principal office of the Society.
3. A majority of the Board of Governors shall constitute a quorum for the transaction of business.
4. Special meetings of the Board of Governors may be called by the President when a request is made in writing by at least three Board members.
5. Governors may not vote at any meeting of the Board by proxy.

8.4 Executive Committee

The Executive Committee shall be comprised of the President, President-Elect, Secretary and Treasurer and shall meet monthly or as requested by the President. The Executive Committee shall have the authority to act on behalf of the Board of Governors in the following areas:

- a. Issue public statements that explain the position and/or policies adopted by the Board of Governors;
- b. Review and approve monthly financial statements, modifications to the Society's budget and any capital expenditures not included in the annual budget;
- c. Approve membership applications;

- d. Review the Society's operations, including all personnel matters; and
- e. Prepare recommendations regarding policies and procedures to be considered by the Board of Governors.

ARTICLE 9 - INDEMNIFICATION

9.1 Indemnification of Governors and Officers

To the extent permitted by the laws of the State of Maine as they may now or hereafter exist, the Society shall indemnify any officer or governor of the Society who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, by reason of the fact that he or she is or was an officer or governor of the Society, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding; provided that no indemnification shall be provided with respect to any matter as to which he or she shall have been finally adjudicated in any civil proceeding not to have acted in good faith and the reasonable belief that his or her action was in the best interests of the Society or in any criminal proceeding, to have had reasonable cause to believe that his or her conduct was unlawful.

9.2 Interested Governor and Officers

No transaction in which a governor or officer has a personal or adverse interest (as that term is defined in the Maine Non-Profit Corporation Act) shall be void or voidable solely for this reason, or solely because the governor or officer is present at or participates in the meeting of the Society, Board of Governors or Committee thereof, which approves such transaction, or because his or her vote is counted, if the material facts as to his or her interest and as to the transaction are disclosed or are known to the Society, the Board of Governors or the Committee, and are noted in the minutes.

ARTICLE 10 - NOMINATIONS AND ELECTIONS

10.1 Nominating Committee

- a. The President of the Society shall appoint at least three (3) Regular members, one of whom shall be the President-Elect to the Nominating Committee, on or before October 1st of each year. A non-member may be appointed to the Nominating Committee, who shall be allowed to vote on regular Nominating Committee business, but who shall not be allowed to vote on any slate of officers.
- b. On or before March 1st of each year, the committee shall file a report with the Secretary of its nominations for officers and governors for the following fiscal year. Written notice of these nominations shall be sent to all members on or before April 1.
- c. Counter nominations may be made by petition signed by at least fifteen (15) members other than the nominee and filed with the Secretary not less than sixty (60) days prior to the annual meeting.

- d. All nominations must be accompanied by a statement that the nominee(s) has/have consented to serve if elected.
- e. At the request of the President and/or Board of Governors, the Nominating Committee may also be asked to recommend qualified candidates for appointment to the Maine Board of Accountancy, New England Peer Review (NEPR) and to serve as representatives of the Society to the AICPA Council.

10.2 Elections

Elections will be held at the annual meeting. "Yes" or "No" votes shall be made by the voting members present for those nominees presented by the Nominating Committee and unopposed. A secret ballot shall be taken for the office for which a nominee by petition has been proposed. The ballots shall be counted and tallied by two members appointed by the President who are not nominees, officers, or governors.

ARTICLE 11 - COMMITTEES

- 11.1 The permanent committees as previously described in these bylaws are the Executive Committee as set forth in Article 8, the Nominating Committee as set forth in Article 10, and the Professional Ethics Committee as set forth in Article 12. All other committees will be established at the direction of the Board of Governors.
- 11.2 These Committees shall be subject to the call of their respective chairs, and a majority of each committee shall constitute a quorum thereof. Any action approved by a majority of the committee members at a meeting at which a quorum is present shall be declared an act of the committee.
- 11.3 In lieu of a committee meeting, with the exception of the Nominating Committee, any Chair may submit any question to its own members for vote by correspondence, telephone, or electronically. Any action approved by a majority of the whole committee shall be declared an act of the committee.
- 11.4 The President or committee chair shall have the power to remove any committee member with or without cause with the concurrence of a majority of members of the Executive Committee.
- 11.5 Any action of a committee that would result in the expenditure of Society funds in excess of the committee's approved budget appropriation for the year, shall be subject to approval by the Board of Governors.
- 11.6 Each committee shall keep minutes of its meetings and a record of attendance. A copy of each shall be forwarded to the Executive Director within ten (10) days of the committee meeting.

ARTICLE 12 - CODE OF CONDUCT AND DISCIPLINARY ACTION

12.1 Code of Professional Conduct

The Code of Professional Conduct of the Society shall consist of the Code of Professional Conduct of the American Institute of Certified Public Accountants (AICPA) as now constituted and as may be hereafter amended, except that in case of any conflict between that Code and these bylaws, the bylaws of the Society shall prevail. In the event of any conflict between the Code of Professional Conduct of the Society and any applicable Maine law or any applicable rules or regulations of the State agency relating to the practice of public accountancy, then such law, rules, or regulations shall govern.

12.2 Professional Ethics Committee

The role of the Professional Ethics Committee is to act as a liaison to the Maine Board of Accountancy and to cooperate with the Maine Board of Accountancy when a Society member is involved in a potential or alleged violation of the Code of Professional Conduct. The Committee may, upon the approval of the Board of Governors, enter into a Joint Ethics Enforcement Program (JEEP) with the American Institute of Certified Public Accountants. The Professional Ethics Committee of the Society shall be empowered to carry the provisions of Article 12 into effect.

12.3 Inquiry

Notwithstanding any other provisions of these bylaws, whenever an inquiry has been initiated by the Professional Ethics Committee of the Society, by the Professional Ethics Division of the AICPA, or by the Trial Board of the AICPA, such inquiry shall be conducted in accordance with the terms of any currently existing agreement between the Society and the AICPA relating to the Joint Ethics Enforcement Program (JEEP), whenever or not the member subject to the inquiry is a member of the AICPA. In the event that there is no such agreement, the Professional Ethics Committee of the Society shall conduct such inquiry in accordance with these bylaws and the rules established by the Professional Ethics Committee.

Cooperation by a member is required in an inquiry conducted by the Professional Ethics Committee of the Society, by the Professional Ethics Division of the AICPA or by the Trial Board of the AICPA involving the member or the member's partner or employee. A member is required to respond to any request for documents or any interrogatories from the Committee, the Division, or the Trial Board, as the case may be, within the prescribed time frame. A member's failure to substantively respond in a timely fashion to any such request or interrogatory shall constitute a failure to cooperate. A member's failure to cooperate in any inquiry conducted by the Committee, the Division, or the Trial Board, as the case may be, is a violation of these bylaws.

All committees, board, and other bodies of the Society are hereby empowered to carry the provisions of this Article into effect by acting jointly and in cooperation with the appropriate bodies of the AICPA under the agreements, rules and procedures in effect between the Society and the AICPA at the time of such action.

12.4 **Hearing**

In the event that a hearing is required to dispose of an alleged violation of the Code of Professional Conduct, the hearing shall be conducted in accordance with the terms of any currently existing agreement between the Society and the AICPA relating to ethics violations.

12.5 **Criminal Conviction**

Membership in the Society shall be terminated without a hearing should there be filed with the President of the Society a final judgment of conviction imposed upon any member for:

- a. A crime defined as a felony (or its equivalent) under the law of the convicting jurisdiction;
- b. The willful failure to file any income tax return which s/he, as an individual taxpayer, is required by law to file;
- c. The filing of a false or fraudulent income tax return on his or her, or a client's behalf; or
- d. The willful aiding in the preparation and presentation of a false and fraudulent income tax return of a client.

12.6 **Other Disciplinary Measures**

- a. A member, whose certificate, permit or license on which membership in the Society depends, is suspended or revoked by the issuing jurisdiction, shall have membership in the Society suspended or terminated upon notice to the President of the Society. Suspension of membership in the Society shall cease upon reinstatement of the certificate, permit or license.
- b. A member who is found to have violated any provision of these bylaws or Code of Professional Conduct shall be subject to any disciplinary actions deemed necessary or appropriate by the Professional Ethics Committee. A member is required to substantively comply with any educational, remedial, or corrective action determined necessary by the Committee, within thirty (30) days of the posting of the notice.
- c. A member whose actions are considered to be detrimental to the best interests of the Society or the accounting profession, according to the considered opinion of the Professional Ethics Committee, shall be subject to disciplinary actions deemed necessary by the Committee including suspension, termination or such other action which the Committee may deem appropriate. Such disciplinary actions shall be subject to ratification by a majority of the Board of Governors.

12.7 **Notice**

The Chairman of the Professional Ethics Committee shall advise the member of the disciplinary actions adopted. Notice of such actions shall be sent by registered or certified mail, postage prepaid, to the member at the member's last known address shown on the records of the Society.

12.8 **Appeal**

A member wishing to appeal the decision of the Professional Ethics Committee may do so by sending the Committee a notice of appeal within thirty (30) days of receipt of the disciplinary action notice. The appeal will then be processed for hearing. The hearing shall be conducted under the terms of the aforesaid Joint Ethics Enforcement Procedures (JEEP) and the then operative rules of the Joint Trial Board Division of the AICPA or under such procedures as determined by the Professional Ethics Committee.

12.9 Notice of Final Action

Notice of the result of final action in every disciplinary matter shall be relayed to the membership of the Society in a form approved by the presiding officer of the hearing panel which took the last action in the matter. No notice shall be made until such decision, suspension, or termination is effective.

ARTICLE 13 – CONFLICT OF INTEREST

13.1 Purpose

The purpose of the conflict of interest policy is to protect the Society's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Governor of the Society or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

13.2 Definitions

a. Interested Person

Any Governor, officer, or member of a committee with voting 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:

1. An ownership or investment interest in any entity with which the Society has a transaction or arrangement,
2. A compensation arrangement with the Society or with any entity or individual with which the Society has a transaction or arrangement, or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Society is negotiating a transaction or arrangement.

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 Board of Governors or committee decides that a conflict of interest exists.

13.3 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 Governors and members of committees with voting 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 Board of Governors 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
 1. An interested person may make a presentation at the Board of Governors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 2. The Board of Governors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 3. After exercising due diligence, the Board of Governors or committee shall determine whether the Society 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.
 4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Governors or committee shall determine by a majority vote of the disinterested Governors whether the transaction or arrangement is in the Society's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- d. Violations of the Conflicts of Interest Policy
 1. If the Board of Governors 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.

2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Governors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

13.4. Records of Proceedings

The minutes of the Board of Governors and all committees shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Governor's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

13.5. Annual Statements

Each Governor, officer and member of a committee with voting powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Society is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

13.6. Periodic Reviews

To ensure the Society operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Society's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

13.7. Use of Outside Experts

When conducting the periodic reviews as provided for in Article 13.6, the Society may, but need not, use outside advisors. If outside experts are used, their use shall not relieve

the Board of Governors of its responsibility for ensuring periodic reviews are conducted.

ARTICLE 14 - AMENDMENTS

14.1 Method

- a. The bylaws may be amended by a two-thirds vote of the Regular members present and voting at any meeting provided that a copy of the proposed amendments have been submitted to all Regular members at least thirty (30) days before the date of the meeting at which the amendments are to be presented.
- b. Any member may cast a written ballot by electronic mail or by requesting a blank ballot from the Executive Director at least fifteen (15) days prior to the meeting. Such completed ballots must be received by the presiding officer prior to the vote.
- c. These bylaws may also be amended by the Board of Governors if approved by the members of the Society in a vote held in the manner provided in Article 7.

14.2 Effective Date

An amendment shall take effect five (5) days after the last day on which votes of the members may be received unless the Board of Governors, in adopting the amendment, specifies a later date.