

BYLAWS OF THE DELAWARE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

ARTICLE I. NAME

Section 1. The name of this organization shall be “The Delaware Society of Certified Public Accountants, Inc.”, hereinafter referred to as “the Society”.

ARTICLE II. MEMBERSHIP

Section 1. Classes of Membership - Membership in the Society shall consist of two classes of members – voting and nonvoting. Voting members shall consist of certified public accountants. Each voting member shall be entitled to one vote with respect to matters submitted to the membership. Nonvoting members shall consist of members who are not certified public accountants or who are CPAs but do not meet the requirements of a voting member. Nonvoting members shall not be entitled to vote with respect to matters submitted to the membership. The Board of Directors may establish or remove other classes of membership and/or types of members with such qualifications and characteristics as the Board may provide in its discretion.

Section 2. Qualifications for Membership

A. Voting Members - Any person who meets the following requirements shall be eligible to apply to become a voting member of the Society:

1. Any person who is a certified public accountant in good standing in the State of Delaware; or,
2. Any person who is a certified public accountant in good standing in any State or political subdivision and who resides in the State of Delaware; or,
3. Any person who is a certified public accountant in good standing in any State or political subdivision and who is engaged in practice or is employed on a full time basis in the State of Delaware.

Any Voting Member who was a Member in Good Standing of the Society as of July 1, 2017 and who only held a Delaware CPA Certificate shall remain a Voting Member of the Society until their membership ends either by termination or resignation. A Voting Member who only holds a Delaware CPA Certificate as of July 1, 2017 and whose membership ends after July 1, 2017 shall not qualify for membership as a Voting Member unless they obtain a Delaware Permit to Practice.

B. Nonvoting Members - Any person who meets the following requirements shall be eligible to apply to become a nonvoting member of the Society:

1. Student - Any student who is enrolled in an accredited college or university or high school may apply to become a Student Member of the Society unless the applicant qualifies for another membership category. A student membership and all related benefits will be valid only for the fiscal year in which the student membership is approved. Notwithstanding the foregoing, to be eligible to be a Student Member, the applicant cannot hold either a Delaware CPA certificate or permit to practice, nor a CPA certificate, license or permit from any other state. A person may be a Student Member until the earlier of (i) the date on which such person has met the qualifications for membership in the Society as set forth in Article II, Section 2.A., or (ii) the person no longer meets the requirements for a Student Member under this Article II, Section 2.B. Further notwithstanding the foregoing, a Student Member may not be a member of the Board of Directors, an officer of the Society, a member of the Nominating Committee or Committee On Professional Ethics, and may not

serve as chair of any other committee or task force of the Society.

2. Non-Certified Staff – Any employee of a CPA firm with offices located in the State of Delaware or any employee in industry whose immediate supervisor is a CPA member of the Society and who is not a certified public accountant may apply to be a Non-Certified Staff member. A person may be a Non-Certified Staff member unless the member qualifies to be a voting member at which time the member shall submit documentation of the member's certification in such manner as the Board designates. Non-Certified Staff Members may not be members of the Board of Directors, officers of the Society, members of the Nominating Committee or Committee On Professional Ethics, and may not serve as chair of any other committee or task force of the Society.

3. CPA Candidate – Anyone who has completed their educational requirement for licensure and is currently in the process of sitting for the CPA exam as a Delaware candidate.

4. CPA Out-of-State – Any CPA who is duly licensed in another state but does not hold a Delaware CPA certificate or permit to practice.

Section 3. Admissions - Admission as a member shall be by vote of the Board of Directors. The Board of Directors shall first satisfy itself as to the eligibility of an applicant for admission in such manner as it may designate. The Board may impose an admission fee.

Section 4. Certificate Of Membership - A certificate of membership in such format as the Board may designate shall be issued to each voting member as evidence of membership in the Society. A member is requested to surrender his/her membership certificate to the President/CEO immediately upon cessation of his/her membership in the Society for any cause except death.

Section 5. Duties of Members - Members of the Society, in order to retain their membership, shall:

- A. Pay dues as provided in these bylaws;
- B. For CPAs, conform to and comply with these bylaws, the laws and regulations in Delaware governing certified public accountants and the Code of Professional Conduct of the American Institute of Certified Public Accountants (hereinafter sometimes referred to as the "AICPA"), as now constituted and as may be hereafter amended (hereinafter sometimes referred to as the "Code of Professional Conduct");
- C. Complete the continuing professional education requirements as set forth in these bylaws; and
- D. For members of the Society engaged in the practice of public accounting to retain their membership in the Society, they shall be associated as proprietors, partners, shareholders, members, or employees of firms required to be enrolled in a peer review program; provided however, that the foregoing requirements shall apply only to members and/or member firms subject to AICPA Peer Review compliance requirements or as required by federal, state or local laws and regulations.

Section 6. Resignations – Resignations of membership shall be submitted to the Secretary in writing or electronic format and shall be presented to the Board of Directors for action at any regular meeting. No resignation shall be accepted if the member is not in good standing, unless so ordered by the Board of Directors.

Section 7. Terminations

- A. The Board of Directors may, in its discretion, terminate the membership of a member who fails to pay any financial obligation to the Society within sixty (60) days after such debt has become due.

Any membership so terminated may be reinstated by the Board of Directors under such conditions and procedures as it may prescribe.

- B. The Board of Directors may terminate the membership of a member who violates these bylaws.

ARTICLE III. FEES, SPECIAL ASSESSMENTS AND DUES

Section 1. Admission Fees, special assessments and dues for members shall be determined by the Board of Directors. For dues purposes, the Board may classify members according to such factors as it determines to be relevant and prescribe dues of a different amount for each classification so created. The Board of Directors may establish such discounts or other terms as the Board deems appropriate.

Section 2. Any member who fails to pay an admission fee, special assessment, or dues within thirty (30) days of notice to do so shall be notified that he/she is in arrears, and unless such arrearage is discharged within thirty (30) days of such notice, the member shall be reported to the Board of Directors and may be removed from membership in the Society in the discretion of the Board.

ARTICLE IV. MEETINGS OF MEMBERS

Section 1. There shall be an annual meeting of members at which officers and directors on the Board of Directors and member(s) of the Professional Ethics Committee shall be elected and such other business shall be transacted as may come before the meeting. The annual meeting of the Society shall be held during May or June in each year on such day and at such time and place as may be designated by the Board.

Section 2. Regular and special meetings of the Society may be called by the Chair or by the Board of Directors and shall be held on such days and at such times and places as may be designated by the Chair or the Board of Directors.

Section 3. Notice of all meetings of the Society shall be mailed or otherwise sent to all members not less than ten (10) days prior to each meeting.

Section 4. Meetings may be held in Delaware or any other state.

Section 5. Three percent (3%) of voting members in good standing shall constitute a quorum for the transaction of business at any meeting of the Society.

Section 6. The rules of parliamentary procedure set forth in Robert's "Rules of Order" shall apply.

ARTICLE V. BOARD OF DIRECTORS

Section 1. Composition - The Society shall be governed by a Board of Directors. The Board of Directors shall consist of the Officers, not less than six additional Directors and the President/CEO. The officers shall be a Chair, a Chair-Elect, and a Secretary/Treasurer who shall be elected by the Board at its first meeting following election. The President/CEO shall be an ex-officio member of the Board.

Section 2. Terms - Elected members of the Board of Directors shall hold office beginning July 1 following the annual meeting of their election. The Chair-Elect shall serve a two-year term, the first year as Chair-Elect and the second year as Chair. Two Directors shall serve a one year term and four Directors shall serve a two year term with each term staggered such that only two of the two-year Directors' terms expire each year. Each Director may be reappointed for additional terms but may not serve on the Board for more than six consecutive years. A majority of the Board, excepting the President/CEO, shall be comprised of voting members.

Section 3. Resignation - The resignation of a member of the Board of Directors shall be submitted to the Board of Directors in writing.

Section 4. Authority

- A. The Board of Directors shall be the governing body of the Society, and except as otherwise provided in the bylaws, shall supervise and direct all of its affairs.
- B. The Board of Directors shall have the power to fill for unexpired terms any vacancies occurring among the directors, officers or elected committees.
- C. The Board of Directors shall have the responsibility and authority to fill vacancies in positions where participation from the Society is necessary, including but not limited to peer review and representation on the American Institute of Certified Public Accountants Council.

Section 5. Meeting And Procedures - The Chair shall designate the time and place for any meeting of the Board of Directors. A properly noticed meeting of the Board of Directors may be held by conference call or other convenient means available to all Directors. A simple majority of the members of the Board shall constitute a quorum and a simple majority of the members of the Board present and voting shall constitute a vote of the Board.

ARTICLE VI. DUTIES OF OFFICERS

Section 1. Chair - The Chair shall preside at all meetings of the Society and the Board of Directors and shall execute all orders, rules and regulations relating to the administration of the Society. The Chair shall perform such other duties ordinarily pertaining to the office of the Chair.

Section 2. Chair-Elect - In the absence or disability of the Chair, the Chair-Elect shall have and exercise all of the powers and prerogatives of the Chair. The Chair-Elect shall automatically succeed to the office of Chair.

Section 3. Secretary/Treasurer - The Secretary/Treasurer shall keep the minutes of all Society and Board of Directors meetings. The Secretary/Treasurer shall have charge of the seal and perform all other duties ordinarily pertaining to the office of Secretary or as the Board may from time to time designate. The Secretary/Treasurer shall oversee all financial functions of the Society, monitor the Society's financial activities in comparison with its budget, and perform all other duties ordinarily pertaining to the office of Secretary/Treasurer or as the Board may from time to time designate. At the first meeting following the election of the Board, the Secretary/Treasurer shall be appointed by the Board from among the Directors for a term of one year.

ARTICLE VII. STAFF OF THE SOCIETY

Section 1. – The Society's professional and clerical staff shall be managed by a President/CEO. The President/CEO shall coordinate the activities of the Society, act as a spokesperson for the Society on related matters, and perform such other services as may be assigned by the Board of Directors.

ARTICLE VIII. COMMITTEES

Section 1. Nominating Committee

- A. **Composition** - The Nominating Committee shall consist of the Chair-Elect of the Society and the two most recent Past Chairs of the Society. Each member shall serve a one-year term commencing July 1 following the annual meeting of their election.
- B. **Duties** - The Nominations Committee each year shall nominate one candidate for each position to be

filled on the Board of Directors and for member(s) of the Committee on Professional Ethics. Notice of such nominations shall be mailed or otherwise sent to all voting members at least forty-five (45) days prior to the annual meeting. Additional nominations may be made by any member in good standing in the following manner:

1. The name of the nominee (and the office to which nominated) must be submitted to the Secretary of the Society at least thirty (30) days prior to the annual meeting, and
2. The above nomination(s) must be signed by at least ten percent (10%) of the voting members in good standing of the Society and must include a statement that the nominee has agreed to serve if elected.

The Secretary/Treasurer shall mail or otherwise send notification of such additional nomination(s) to each member at least ten (10) days prior to the annual meeting of the Society.

- C. **Vacancy** - Any vacancy on the Nominating Committee shall be filled by appointment by the Board of Directors.

Section 2. Committee On Professional Ethics

- A. **Composition** – The Committee on Professional Ethics shall be composed of three Voting members in good standing, each serving a three-year term beginning July 1 immediately following the annual meeting at which the member is elected. Each term shall be staggered such that only one term expires each year. The member with the longest tenure shall be Chair.
- B. **Duties** - The Committee on professional ethics shall perform the duties set forth in Article IX, and may advise anyone applying to it as to whether or not a submitted action or state of facts warrants a complaint against a member of the Society; provided, however, that if the committee finds itself unable to express an opinion, such inability shall not be construed as an endorsement of the action or state of facts.

Section 3. Other Committees and Task Forces - The Board of Directors may appoint other committees and task forces and shall assign appropriate duties to such committees and task forces. Except as otherwise provided in these bylaws, the Board may appoint a member, with the member's consent, to serve on a committee or task force and the Board may remove a committee or task force member in the Board's discretion.

ARTICLE IX. PROFESSIONAL CONDUCT AND DISCIPLINARY PROCEEDINGS

Section 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 as now constituted and as may be hereafter amended, except that the name of the Delaware Society of Certified Public Accountants shall be substituted for that of the American Institute of Certified Public Accountants. In case of any conflict between that Code and these Bylaws, the Bylaws of the Society shall prevail.

Section 2. Charges Against Members - Whenever a member of the Society, whether or not he or she is a member of the American Institute of Certified Public Accountants, shall be charged with violating these Bylaws or any Code of Professional Conduct promulgated hereunder, the said charge shall be acted upon in accordance with the terms of any then existing agreement between the Society and the American Institute of Certified Public Accountants relating to ethics enforcement.

Section 3. Committee Empowered To Act - All Committees, boards, and other bodies of the Society are hereby empowered to carry the provisions of Sections 1 and 2 of this Article IX into effect by acting jointly and in cooperation with the appropriate bodies of the American Institute of Certified Public Accountants under the agreements, rules and procedures in effect between the Society and the American Institute of Certified Public

Accountants at the time of such action.

Section 4. Suspension Of Membership - Membership in the Society shall be suspended without a hearing should the Board of Accountancy of any state or jurisdiction suspend the permit of any member of the Society or should there be filed with the Secretary of the Society a judgment of conviction imposed upon any member for:

- A. A crime punishable by imprisonment for more than one year;
- B. The willful failure to file any income tax return which he or she, 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; and shall be terminated in like manner upon the similar filing of a final judgment of conviction.

Section 5. In the event that there is no agreement between the Society and the American Institute of Certified Public Accountants relating to ethics enforcement, the following procedures shall apply:

- A. Every complaint preferred against a member under this Article IX, shall be submitted to the Committee on Professional Ethics. No such complaint shall be entertained, however, unless it is in writing. The Committee upon receipt of such complaint shall make an investigation and gather information. If the Committee, by a two-thirds vote of its members, finds that a prima facie case exists warranting the preferring of a formal complaint against a member under this Article IX, and a trial thereon, it shall so report to the Board of Directors together with a Statement of Charges. If, however, the Committee does not find that a prima facie case exists warranting such a trial, it shall also report to the Board of Directors and no further action shall be taken either by the Committee or Board of Directors.
- B. The Committee on its own motion, for good and sufficient cause, may make an investigation and gather information concerning the conduct of a member. If the Committee by a two-thirds vote of its members finds that in such circumstance a prima facie case exists warranting the preferring of a complaint against a member under this Article IX, and a trial thereon, it shall so report to the Board of Directors together with a Statement of Charges.
- C. In the event of a finding of a prima facie case under paragraph 3 or 4, the trial thereon shall be conducted under the terms of the aforesaid agreement, the then operative rules of the Joint Trial Board Division of the American Institute of Certified Public Accountants and the then joint operative ethics enforcement procedures in effect by virtue of the agreement between the Society and the American Institute of Certified Public Accountants.

Section 6. Notice of the result of final action in every disciplinary matter under this Article may be published. The notice shall be in a form approved by the Board of Directors and may disclose the name of the member involved if the Board of Directors so decides by a majority of the members present and voting at the meeting at which the action is taken.

ARTICLE X. CONTINUING PROFESSIONAL EDUCATION

Section 1. All Society members who are certified public accountants, except those who are retired from

employment, shall meet a continuing education requirement as follows:

- A. Meet the continuing education requirement(s) of the state(s) in which the member is certified and/or licensed; or
- B. If the member does not have a continuing education requirement in the state in which the member is certified and/or licensed, meet the continuing education requirement of the American Institute of Certified Public Accountants currently in effect, regardless of whether or not the member is also a member of the American Institute of Certified Public Accountants.

Section 2. Members shall certify that they have met the continuing education requirement in a manner to be determined by the Board of Directors.

Section 3. Members shall keep appropriate records and submit copies of such on request of the Society. The Board of Directors may grant exceptions for reasons such as health, military service, foreign residency, and other similar reasons.

ARTICLE XI. AMENDMENTS TO BYLAWS

Section 1. Initiation - A proposal to amend the bylaws may be initiated by the Board or by a petition filed with the Secretary and signed by at least five percent (5%) of voting members. The proposal shall set forth the text of the change(s) to be made.

Section 2. Adoption - Within ninety (90) days following the initiation of a proposal to amend the bylaws, a meeting of the members of the Society shall be held in accordance with Article IV hereof to consider such proposal. The proposal shall be adopted if at least two-thirds of the votes cast are in favor thereof. The amendment, if so adopted, shall become effective on the date specified in the proposal or, if no date is specified, on the date of the meeting at which it is adopted.

ARTICLE XII. FISCAL MATTERS

Section 1. Fiscal Year - The fiscal year shall begin on May 1 of one year and end on April 30 of the following year.

Section 2. Annual Budget - The Board of Directors shall approve the annual budget and may amend the budget from time to time during the year.

Section 3. Annual Financial Statement - Within ninety days after the close of the fiscal year, financial statements for the year ended April 30 shall be prepared and made available to the membership.

ARTICLE XIII. MISCELLANEOUS

Section 1. Seal - The Society shall have a seal of such format as the Board of Directors may designate.

Section 2. Office - The principal office of the Society shall be at such place as the Board of Directors may from time to time designate.