



**SOUTH DAKOTA
BOARD OF ACCOUNTANCY**
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Agenda
 South Dakota Board of Accountancy Meeting
 Conference Call
 9:00 a.m. (CT)
 September 11, 2013

A=Action
 D=Discussion
 I=Information

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 FUTURE MEETING DATES (all times CT)	
November 6 – 9:00 – Conference Call	



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South Dakota Board of Accountancy Meeting
Minutes of Meeting
Country Inn & Suites – Conference Room
August 12, 2013

The Board of Accountancy held a meeting at the Country Inn & Suites – Conference Room in Sioux Falls, SD on Monday, August 12, 2013. Chair John Mitchell called the meeting to order at 8:38 a.m.

The following members were present: Holly Brunick, John Linn, Jr., John Mitchell, John Peterson, Marty Guindon, and David Pummel. A quorum was present.

Also present were Nicole Kasin, Executive Director; Julie Iverson, Senior Secretary; Aaron Arnold, Legal Counsel, and Suzanne Jolicoeur, AICPA.

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the election of Board officers as follows: John Mitchell -Chair, John Linn, Jr. -Vice Chair, and David Pummel-Secretary/Treasurer. The motion unanimously carried.

A motion was made by John Linn, Jr. and seconded by David Pummel to approve July 22, 2013, meeting minutes. The motion unanimously carried.

A motion was made by David Pummel and seconded by Marty Guindon to approve the issuance of individual certificates and firm permits through August 7, 2013. The motion unanimously carried.

A motion was made by Holly Brunick and seconded by Marty Guindon to approve the financial statements through July 2013. The motion unanimously carried.

The Board discussed the annual meeting for NASBA which will be held October 27-30, 2013. The location of the meetings will be in Maui, HI.

A motion was made by John Linn, Jr. and seconded by David Pummel to approve travel for three board members and the Executive Director to attend the NASBA annual conference in Maui, HI on October 27-30, 2013. The motion unanimously carried. The Executive Director will submit the necessary documents for travel.

The Board reviewed and discussed the FY15 Proposed Budget. Chair Mitchell noted that the proposed budget is intentionally a deficit budget.

A motion was made by David Pummel and seconded by Marty Guindon to approve the FY15 Budget as presented. The motion unanimously carried.

The Board reviewed and discussed an individual's application to sit for the CPA exam.

A motion was made by John Peterson and seconded by John Linn, Jr. to approve the application allowing the candidate to sit for the exam. The motion unanimously carried.

Aaron Arnold, Legal Counsel, gave an update on the legal case from the Dentistry Board from North Carolina.

The following people with the South Dakota CPA Society joined the meeting at 10:40: Laura Coome, Pam Olinger, and Joylynn Buus.

The Board and representatives from the SD CPA Society discussed the definition of attest, Financial Reporting Framework for Small and Medium Entities (FRF-SMEs), firm mobility, and Peer Review Oversight Committee (PROC).

The Board took a break for lunch.

The Board resumed the regular Board Meeting at 1:40 p.m. The following people joined the meeting: Patricia Hartman, NASBA Director of Client Services; Kimberly Farace, Prometric Client Services Team Leader; and Michael Decker, AICPA Director of Operations and Development.

Patricia Hartman, Kimberly Farace, and Michael Decker gave a presentation to the Board on the CPA exam.

The following people left the meeting at 3:20 p.m.: Laura Coome, Pam Olinger, Joylynn Buus, Suzanne Jolicoeur, Patricia Hartman, Kimberly Farace, and Michael Decker.

Executive Director Kasin discussed her report on NASBA issues, CPE word count formula, and online renewal statistics.

A motion was made by Marty Guindon and seconded by David Pummel to enter into executive session for the deliberative process for peer reviews and follow-ups. The motion unanimously carried.

The Board came out of executive session.

A motion was made by David Pummel and seconded by Holly Brunick to accept the peer reviews and follow-up as discussed in executive session. The motion unanimously carried.

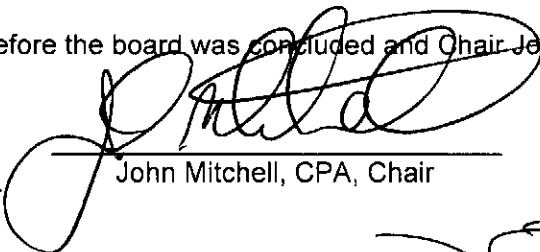
FUTURE MEETING DATES (all times CT)

September 11 – 9:00 – Conference Call

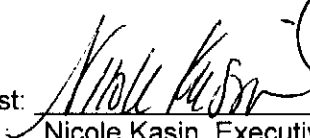
November 6 – 9:00 –Conference Call

A motion was made by Holly Brunick and seconded by Marty Guindon to adjourn the meeting. The motion carried.


All business having come before the board was concluded and Chair John Mitchell adjourned the meeting at 4:30 p.m.



John Mitchell, CPA, Chair

Attest: 

Nicole Kasin, Executive Director



David Pummel, CPA, Sec/Treas

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY**

Issued Through September 6, 2013

Number	Name	Date Issued	Location
3093	Kelsey Lynn Huewe	8/16/13	Sioux Falls, SD
3094	Brian C. Meyer	8/16/13	Sioux Falls, SD
3095	Jennifer Ann Murtha	8/26/13	Parkston, SD
3096	Meredith Abigail Menden	8/26/13	Brandon, SD
3097	Mandy Jo Sutton	9/04/13	Sioux Falls, SD

**FIRM PERMITS TO PRACTICE PUBLIC ACCOUNTANCY
BOARD COPY**

**Issued Through
September 6, 2013**

Number	Name	Date Issued	Basis/Comments
1609	Johnson Lambert LLP Raleigh, NC	08/08/13	Name Change
1610	BrightLine CPAs & Associates, Inc. Tampa, FL	08/26/13	New Firm

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

NASBA

- Travel was approved for the Executive Director and 1 Board member to attend the NASBA Annual Conference in October.
- Proposed Changes to the Bylaws which are in the material, will be voted on at the annual meeting.
- CPE Word Count Formula – The NASBA registry allows providers to use the word count method to calculate CPE hours. Our rules currently only allow pilot testing.

Follow-up on Word count formula:

10 states (including SD) do not currently do not accept the word count formula. Of those 10, 5 states (CA, NY, NC, SD, WA) have reviewed or are in the process of adopting new rules and the other 5 have not provided a response to NASBA yet on their intentions (CT, GA, IN, LA, UT).

Q: With the word count formula, since the providers are on the National Registry, does the National Registry provide the assurance/attest to the significance in the words counted?

A: Yes, as part of the application process, the provider is required to submit the actual word count formula and the supporting data for each component of the calculation. We then review and test the information as part of the application review process.

Does the Board prefer to move forward with a rule change in regards to this?

Proposed Legislation

Here is a draft of the language change to 36-20B-40:

36-20B-40. Disciplinary action--Remedies available to board--Grounds. The board may, in accordance with chapter 1-26, revoke any certificate, license, or permit issued pursuant to this chapter or corresponding provisions of prior law or revoke or limit practice privileges under the provisions of § 36-20B-66 or 36-20B-67; suspend any such certificate, license, or permit, or refuse to renew any such certificate, license, or permit for a period of not more than five years; deny any application for testing or licensure required by this chapter; reprimand, censure, or limit the scope of practice of any licensee; impose an administrative fine not exceeding one thousand dollars, or place any licensee on probation, all with or without terms, conditions, and limitations, for any one or more of the following reasons:

6. Violation of any provision of this chapter or rule, promulgated by the board pursuant to chapter 1-26, or violation of professional standards;
7. ~~Violation of any rule of professional conduct promulgated by the board pursuant to chapter 1-26;~~

Does the Board prefer to move forward with this change in the 2014 legislative session?

Board Discussion

- Any New Business/topics?

Online Renewal Statistics

The statistics are provided on the following page.

DATE	Form 19-Firm		Form 27-Retired		Form 28-Active		Form 29-Inactive		Daily Totals
	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	COMP APVD	BD APVD	
Monday, July 01, 2013	3	0	4	0	22	7	6	0	42
Tuesday, July 02, 2013	7	2	3	0	33	4	13	0	62
Wednesday, July 03, 2013	5	0	3	0	27	4	10	0	49
Thursday, July 04, 2013	0	0	1	0	0	0	5	1	7
Friday, July 05, 2013	2	0	1	0	18	1	9	0	31
Saturday, July 06, 2013	0	0	2	0	3	0	3	0	8
Sunday, July 07, 2013	0	0	1	0	6	0	7	1	15
Monday, July 08, 2013	11	0	2	0	30	6	4	0	53
Tuesday, July 09, 2013	3	0	2	0	12	3	13	0	33
Wednesday, July 10, 2013	7	1	4	0	25	3	5	0	45
Thursday, July 11, 2013	4	2	1	0	12	1	11	1	32
Friday, July 12, 2013	3	0	3	0	10	2	5	0	23
Saturday, July 13, 2013	0	0	0	0	6	1	3	0	10
Sunday, July 14, 2013	0	0	1	0	4	0	0	0	5
Monday, July 15, 2013	1	0	2	0	15	2	6	0	26
Tuesday, July 16, 2013	5	2	2	0	19	2	11	0	41
Wednesday, July 17, 2013	11	2	0	0	26	3	9	0	51
Thursday, July 18, 2013	4	1	1	0	23	3	7	0	39
Friday, July 19, 2013	7	0	0	0	16	6	2	0	31
Saturday, July 20, 2013	1	0	0	0	3	0	5	0	9
Sunday, July 21, 2013	6	0	1	0	11	0	1	0	19
Monday, July 22, 2013	10	1	0	0	24	5	8	1	49
Tuesday, July 23, 2013	5	2	1	0	17	2	12	0	39
Wednesday, July 24, 2013	3	0	0	0	15	4	3	0	25
Thursday, July 25, 2013	5	1	1	0	15	3	2	0	27
Friday, July 26, 2013	5	1	1	0	20	4	7	0	38
Saturday, July 27, 2013	2	0	0	0	2	2	2	0	8
Sunday, July 28, 2013	0	0	0	0	11	1	4	0	16
Monday, July 29, 2013	10	2	2	0	35	8	16	0	73
Tuesday, July 30, 2013	13	2	0	0	47	12	18	1	93
Wednesday, July 31, 2013	24	1	5	0	57	11	31	1	130
Thursday, August 01, 2013	20	2	1	0	31	13	28	0	95
Friday, August 02, 2013	0	0	0	0	1	0	2	0	3
Saturday, August 03, 2013	0	0	0	0	0	0	0	0	0
Sunday, August 04, 2013	0	0	0	0	1	0	1	0	2
Monday, August 05, 2013	0	0	0	0	0	1	2	0	3
Tuesday, August 06, 2013	0	0	0	0	0	0	1	0	1
Wednesday, August 07, 2013	0	0	0	0	0	0	2	0	2
Thursday, August 08, 2013	0	0	0	0	0	0	0	0	0
Friday, August 09, 2013	0	0	0	0	0	0	2	0	2
Monday, August 12, 2013	0	0	0	0	1	0	1	0	2
Tuesday, August 13, 2013	1	0	0	0	0	1	0	0	2
Wednesday, August 14, 2013	1	0	0	0	1	0	2	0	4
Thursday, August 15, 2013	0	0	0	0	2	0	1	0	3
Monday, August 19, 2013	0	0	0	0	1	0	0	0	1
Wednesday, August 21, 2013	0	0	0	0	1	0	1	0	2
Friday, August 23, 2013	0	0	0	0	0	1	0	0	1
Wednesday, August 28, 2013	0	0	1	0	1	0	1	0	3
Friday, August 30, 2013	0	0	0	0	0	0	2	0	2
Friday, September 06, 2013	0	0	0	0	0	0	1	0	1
Totals	179	22	46	0	604	116	285		1258
Totals per form	201		46		720		285		
Total Renewals									
Online & Via Mail	276		79		1111		392		1858
% Completed Online	72.83%		58.23%		64.81%		72.70%		67.71%
Expired Status	0		3		13		6		22
% Completed overall	100.00%		96.34%		98.84%		98.49%		98.83%

NASBA

BYLAWS
Amended October 26, 2010
(Reformatted Restructured with Proposed
Amendments)

For consideration at the October 29, 2013 Annual Business Meeting

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DRAFT Amended Bylaws

National Association of State Boards of Accountancy

Amended October 26, 2010 (reformatted, restructured with Proposed Amendments for consideration at the October 29, 2013 Annual Business Meeting)

ARTICLE I - Name

The name of this organization shall be the National Association of State Boards of Accountancy, Inc. (hereinafter, the "Association"). The location of the Association's principal office shall be within the continental United States as the Board of Directors shall determine.

ARTICLE II - Purpose

The purpose of the Association shall be to provide an organization to protect, promote, foster and advance the common interests and welfare of boards of accountancy of the various states of the United States, its territories and the District of Columbia. The Association shall provide a forum for the exchange of information and obtaining assistance in discharging such boards' responsibilities for the administration of public accountancy laws and for the protection of the public interest as it is affected by the practice of public accountancy. The Association shall also promote the general welfare of its members for the accomplishment of the objectives herein above set forth. The Association shall not be organized for profit or organized to engage in a regular business of a kind ordinarily carried on for profit or carry on any activities which are inconsistent with the exempt status of organizations described in Section 501(c)(6) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any successor law.

ARTICLE III - Membership

3.1 Member Boards.

3.1.1 The members of the Association shall be the boards, departments or instrumentalities confirmed by the Board of Directors as legally constituted by their respective states, territories and the District of Columbia of the United States of America to pass on the qualifications of, or to examine applicants for certification or licensure as, certified public accountants or similar licensed categories, or to regulate the practice of public accountancy within their jurisdiction.

3.1.2 Hereinafter the members of the Association shall be referred to as the "Member Boards." In a jurisdiction where there is more than one board, department or instrumentality as defined above, they collectively shall constitute a single Member Board under the provisions of these bylaws.

3.2 Delegates.

All duly appointed or elected individuals who are members of the Member Boards as determined by the respective Member Board's laws shall be Delegates of the Association. Delegates shall have the privilege of the floor and may propose motions, resolutions or other actions at all meetings of the Association and shall be eligible for service as Officers, Directors and members of committees of the Association.

3.3 Associates.

All former Delegates or persons who have been members of Member Boards shall be Associates of the Association provided that their dues, established in accordance with these bylaws, have been paid in full for the current fiscal year. Associates shall have the privilege of the floor and may propose motions, resolutions or

other actions at all meetings of the Association and shall be eligible for service as Officers, Directors and members of committees within the limitations established by these bylaws.

ARTICLE IV - Board of Directors and Officers

4.1 Board of Directors.

The business and affairs of the Association shall be under the direction of a Board of Directors.

4.2 Composition of Board of Directors.

The Board of Directors shall be composed of a Chair, Vice Chair, Past Chair, nine Directors-at-Large and a Regional Director from each Region established in accordance with the provisions of Article V of these bylaws.

4.3 Officers and Duties.

The Officers of the Board of Directors shall be a Chair, Vice Chair, Past Chair, Secretary and Treasurer. The Officers of the Board of Directors shall have the duties set forth herein. The duties of Directors shall be such as usually are attached to such offices and such other duties consistent with the provisions of these bylaws, resolutions or actions of the Member Boards at the Annual Meeting or any special meeting, or as may be determined from time to time by the Board of Directors. All members of the Board of Directors must meet the fiduciary duties of careful and prudent judgment, adherence to organizational purpose and rules, and avoidance of conflicts of interest. Neither Officers of the Board of Directors nor Directors shall receive compensation for their services to the Association.

4.3.1 Chair.

The Chair, when present, shall preside at all meetings in accordance with the latest edition of Robert's Rules of Order, Newly Revised, interpret these bylaws, appoint all committees that will be active during his or her tenure as Chair, and serve as an ex-officio member of all committees except the Nominating Committee. The Chair may also designate the Vice Chair to serve as an ex officio member of any standing or non-standing committee other than the Nominating Committee or the CPA Examination Review Committee.

4.3.2 Vice Chair.

The Vice Chair shall, in the absence of the Chair, exercise the duties of and possess all the powers of the Chair. The Vice Chair shall also serve as a member of the Administration and Finance Committee. The Vice Chair may also be designated by the Chair as an ex officio member of any other standing and non-standing Committee other than the Nominating Committee or the CPA Examination Review Committee.

4.3.3 Secretary.

The Secretary shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Secretary shall perform the duties usual and incidental to the office that are required to be performed by law, and shall be responsible for the minutes of the Board of Directors. The Secretary may delegate to the President and other staff the actual performance of any or all of the office's appropriate duties and authorize the President or staff to sign under their respective titles the correspondence conducted by them.

4.3.4 Treasurer.

The Treasurer shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Treasurer shall be responsible for the activities of the Administration and Finance Committee, and shall serve as its chair.

4.3.5 Regional Directors.

Regional Directors shall be elected as provided in Article VII, and shall be responsible for communications with the Boards of Accountancy in the Regions which they represent.

4.3.6 Past Chair.

The Past Chair shall serve as chair of the Nominating Committee in accordance with Article VII of these bylaws.

4.4 President.

A President shall be appointed by the Board of Directors and shall serve as the Chief Executive Officer of the Association. The President shall manage the affairs of the Association and have such duties and responsibilities as the Board of Directors shall determine. The President shall be salaried and shall report directly to the Chair who, with the consent and approval of the Executive Committee of the Board of Directors, will assign duties and powers in his or her areas of responsibility. The President shall employ and terminate staff, enter into routine contracts, and obtain legal consultation. The President shall also serve without additional compensation, in such other capacity relating to the business of the Association to which he or she may be elected or appointed by the Executive Committee of the Board of Directors. The President may be removed with or without cause by a resolution of the Board of Directors. The President shall serve as an ex officio member of the Board of Directors without vote and shall not be counted in determining the total number of authorized Directors. The President shall be granted the privilege of the floor at all meetings of the Association and the Board of Directors.

4.5 Qualification, Terms and Limitations of Office.

4.5.1 The Vice Chair and Directors shall be elected in accordance with these bylaws during the Business Session at Annual Meeting of the Association. The Vice Chair shall serve as such from the adjournment of the Business Session at the Annual Meeting at which he or she is so elected until the adjournment of the Business Session at the next following Annual Meeting, at which time he or she shall become Chair and shall serve as such until the adjournment of the Business Session at the next following Annual Business Meeting, at which time he or she shall become Past Chair and shall serve as a Director of the Association in accordance with the provisions of Article IV, Section 2 of these bylaws.

4.5.2 No incumbent shall be elected to succeed himself or herself in the offices of Chair or Vice Chair.

4.5.3 No Past Chair shall be eligible to be re-elected as an Officer ~~or Director~~.

4.5.4 Directors-at-Large shall be elected for three-year terms and may serve a maximum of two complete terms.

4.5.5 Regional Directors shall be elected for one-year terms and may serve a maximum of three complete terms.

4.5.6 A person who has succeeded acceded to or been appointed to fill a vacancy (serve an unexpired term) shall not have that service counted in the limitation of terms that can be served, provided that in no event shall an individual be eligible for election or appointment to fill an unexpired term if the individual has already served two complete terms as a Director-at-Large.

4.5.7 All members of the Board of Directors shall be Delegates or Associates. A simple majority of all members of the Board of Directors shall be Delegates at the time of or within six months of the Annual Business Meeting at which they are elected to their current office on the Board.

4.5.8 All Regional Directors shall be Delegates at the time of or within six months prior to their election or appointment.

~~4.5.9 With the exception of the Past Chair, no member of the Nominating Committee may serve concurrently as a member of the Board of Directors and the Nominating Committee, and no member of the Nominating Committee may be eligible for election to the Board of Directors through the entirety of his or her elected term on the Nominating Committee and through the adjournment of the next following Annual Meeting. For purposes of this subsection, an alternate of the Nominating Committee is not a member of the Committee unless and until he or she assumes office by replacing a member at one or more meetings. [Note: This Section has been moved to Section 7.1.2]~~

4.5.9 To be eligible to serve as Vice Chair, an individual must have served as a Director-at-Large or Regional Director for a minimum of one year, but need not be a current member of the Board of Directors at the time of his or her election.

4.6 Vacancies.

4.6.1 A vacancy in the Chair position shall be filled by the Vice Chair.

4.6.2 A vacancy in the Vice Chair position shall be filled pursuant to Section 7.2.3. If necessary, the Chair shall continue to serve until this process is complete.

4.6.3 A vacancy in the Past Chair position shall not be filled until after the end of the current Chair's term.

4.6.4 All other vacancies on the Board of Directors shall be filled by the Board of Directors, and all such appointees shall serve the unexpired term of their predecessors in office.

4.7 Regular Meetings of the Board of Directors.

Regular meetings of the Board of Directors shall be held prior to the Annual Meeting of the Association and at such other times as the Board of Directors may designate.

4.8 Special Meetings of the Board of Directors.

The Chair may call special meetings of the Board of Directors at such time and place as he or she shall determine. Alternatively, the Chair shall call such special meetings at such time and place as may be designated in a written request of five or more members of the Board of Directors.

4.9 Notice and Waiver.

4.9.1 Notice of any regular or special meeting of the Board of Directors shall be sent by mail, e-mail, facsimile, telephone or shall be delivered personally or by other appropriate means to each Member Board and to each

member of the Board of Directors, at his or her mailing address, as shown in the official records of the Association, at least 21 days before such meeting if notified by mail, or five days if notified by other methods. Such notice, as far as practicable, shall contain a statement of the agenda for such meeting.

4.9.2 [Note: This is former 4.14 verbatim] **Meetings held and actions taken without notice as provided in these bylaws shall be valid if each member of the Board of Directors entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.**

4.10 Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of the Board of Directors. If a majority of Directors are not present at any meeting of the Board of Directors, the majority of the Directors present may adjourn the meeting to a stated time and place without further notice. The vote of a majority of Directors present and voting at any meeting at which there is a quorum shall be an act of the Board of Directors.

~~**4.12** **Resignation or Removal** [Note: This has been moved to 4.13]~~

~~Any Officer or Director may resign at any time by giving written notice to the Chair, the Secretary, or the full Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance by the Chair, Secretary, or Board of Directors. Any Officer or Director who shall fail to attend two consecutive regular meetings of the Board of Directors shall be automatically removed from the Board of Directors. The Board of Directors may waive such automatic removal if it shall by majority vote determine that such failure to attend was caused by sufficient circumstances to excuse such absence. The position of Officer or Director removed under this provision shall be filled in accordance with Section 6 of this Article.~~

4.11 Telephone Meetings.

The Board of Directors or any committee of the Board of Directors may conduct its meetings by means of conference telephone or similar communications equipment provided that all persons participating in the meeting can communicate with one another, and participation in such a meeting shall constitute presence in person at such meeting.

4.12 Mail, E-mail, or Facsimile Ballot.

The Chair may submit any action to the Board of Directors for vote by mail, e-mail, facsimile ballot or other appropriate means, provided the subject matter has been previously reviewed and discussed by the Board of Directors. Only ballots returned in the prescribed time will be counted. Any action approved by a majority of the Board of Directors shall be an act of the Board of Directors and shall be recorded in the minutes of the Board of Directors.

4.13 Resignation or Removal.

Any Officer or Director may resign at any time by giving written notice to the Chair, the Secretary or the full Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance by the Chair, Secretary or Board of Directors. Any Officer or

Director who shall fail to attend two consecutive regular meetings of the Board of Directors shall be automatically removed from the Board of Directors. The Board of Directors may waive such automatic removal if it shall by majority vote determine that such failure to attend was caused by sufficient circumstances to excuse such absence. The position of Officer or Director removed under this provision shall be filled in accordance with Section 4.6 of this Article. [Note: This Section has been moved from former Section 4.12]

~~4.14 Waiver of Notice.~~ [Note: This provision was moved without change to be part of 4.9.]

~~Meetings held and actions taken without notice as provided in these bylaws shall be valid if each member of the Board of Directors entitled to notice (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.~~

ARTICLE V - Regions

5.1 Purpose and Composition.

In order to establish closer communications between the Board of Directors and the Member Boards, as well as between Member Boards within geographical areas, and to assist the Association in achieving its stated purpose, all of the states, territories and the District of Columbia shall be divided into at least five, but not more than nine, geographical Regions. The names, number and composition of Regions shall be determined from time to time by the Board of Directors.

5.2 Representation.

A Regional Director shall be nominated and elected in accordance with Article VII of these bylaws to serve terms as provided in Section 4.5.5 to represent the Board of Directors within each Region and to perform such other duties as may be designated by the Board of Directors. Each Region shall, in accordance with Article VII, elect one Delegate or Associate as a member of the Nominating Committee to represent in person their Region on the Nominating Committee and one Delegate or Associate as an alternate to participate in person in the event that the member cannot attend the meeting.

5.3 Regional Meetings.

Each Region shall hold a Regional Meeting not less than 60 days prior to the Association's Annual Meeting, at a time and place to be determined by the Board of Directors. The purposes of the Regional Meetings are to facilitate communications, elect the members and alternates of the Nominating Committee pursuant to Article VII to represent four of the eight Regions that will hold elections that year for the respective Regional representatives, and to transact other business. [Note: This is formerly 6.2]

ARTICLE VI - Meetings of the Association and Voting

6.1 Annual Meeting.

The Association shall hold an Annual Meeting at a time and place to be determined by the Board of Directors of the Association. The purposes of the Annual Meeting are to facilitate communications, elect the Vice Chair and Directors and to transact other business.

~~6.2 Regional Meetings.~~

~~Each Region shall hold a Regional Meeting not less than 60 days prior to the Annual Meeting, at a time and place to be determined by the Board of Directors. The purposes of the Regional Meetings are to facilitate communications, elect the members and alternates of the Nominating Committee pursuant to Article VII to represent four of the eight Regions that will hold elections that year for the respective Regional representatives, and to transact other business. [Note: This Section has been moved to 5.3]~~

6.2 Special Meetings.

The Chair shall call special meetings of the Association when requested to do so by the Board of Directors or by at least one-third of the Member Boards on written application to the Chair, signed by the individual designated as the Presiding Officer of each of the said one-third of the Member Boards. Special meetings of the Association shall be held at such times and places as shall be designated by the Board of Directors.

6.3 Notice and Waiver.

6.3.1 Notice of each meeting of the Association or Regions shall be sent to each Member Board and to each Delegate and Associate at the mailing address shown in the official records of the Association at least 60 days before such meeting. Such notice, as far as practicable, shall contain a statement of the general business to be transacted. Notice of the Annual Meeting shall contain the report of the Nominating Committee as provided in Section 7.3.1.

6.3.2 Meetings held and actions taken without notice as provided in these bylaws shall be valid if each Member Board entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting. [Note: This has been moved from 6.10]

6.4 Quorum.

A quorum for the transaction of business at any meeting of the Association shall be one or more Designated Voting Representatives from a majority of Member Boards. A quorum for the transaction of business at any meeting of a Region shall be one or more Designated Voting Representatives from a majority of the Member Boards of such Region. In the absence of a quorum at an Annual Meeting, Regional Meeting or a special meeting, the majority of the Member Boards represented at such meeting may adjourn the meeting to a stated time and place without further notice.

6.5 Advisory Vote on Matters Related to Member Boards' Regulatory Responsibilities.

Any issue being deliberated by the Board of Directors or any committee, that is determined by the Board of Directors to have a material impact on the regulatory responsibilities of the Member Boards, shall be submitted to the Member Boards for their advisory vote. Such advisory vote should ordinarily be taken at an Annual Meeting. However, if the timing of an issue will not allow the advisory vote to be conducted at an Annual Meeting, the Chair may call a special meeting.

6.6 Voting.

6.6.1 Each Member Board shall be entitled to only one vote on any matter brought before the Association, and each Member Board in the Region shall be entitled to only one vote on any matter brought before any

Regional Meeting, which vote shall be cast on behalf of such Member Board by its Designated Voting Representative (Delegate, Associate or Executive Director of such Member Board).

6.6.2 Each Designated Voting Representative shall have written authorization from the Presiding Officer of the Member Board he or she represents in order to vote on behalf of such Member Board. A Member Board may name more than one Designated Voting Representative provided that only one vote shall be cast on behalf of such Member Board by its Designated Voting Representatives.

6.6.3 Unless a greater vote is required by these bylaws for any action, a majority vote of all Member Boards shall be required to pass any motion or resolution of the Association.

6.7 Ballot Voting.

6.7.1 The Board of Directors, or a majority of the Member Boards of the Association present at any duly called meeting of the Association at which a quorum is present, may direct that the Chair of the Association submit any action to all Member Boards for their consent by mail, e-mail or facsimile, except that the election of the Vice Chair, Directors and members and alternates of the Nominating Committee may not be done by written consent, except in filling an interim vacancy of the Vice Chair.

6.7.2 The Member Boards will have 45 days to return their ballots.

6.7.3 Any action taken or approved in such a ballot by two-thirds of the Member Boards voting shall be a resolution of the Member Boards of the Association provided that the number of Member Boards approving such action shall constitute a majority of the Member Boards of the Association.

6.8 Rules of Order.

The rules of parliamentary procedure contained in the latest edition of Robert's Rules of Order, Newly Revised, shall govern all meetings of the Association, except as may be otherwise provided in these bylaws.

~~6.10 Waiver of Notice.~~ [Note: This provision has been moved to be part of 6.4.]

~~Meetings held and actions taken without notice as provided in these bylaws shall be valid if each Member Board entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.~~

Article VII Nominations and Elections.

7.1 Nominating Committee Composition and Election.

The membership of the Nominating Committee shall consist of the Past Chair, who shall serve as Chair of the Nominating Committee, and one member from each Region elected as provided herein.

7.1.1 A Delegate or Associate is eligible for election to the Nominating Committee.

7.1.2 With the exception of the Past Chair, no member of the Nominating Committee may serve concurrently as a member of the Board of Directors and the Nominating Committee, and no member may be eligible for election to the Board of Directors through the entirety of his or her elected term on the Nominating Committee and through the adjournment of the next following Annual Meeting. **For purposes of this subsection, an alternate of the Nominating Committee is not a member of the Committee unless and until he or she assumes office by replacing a member at one or more meetings.** [Note: Moved from 4.5.9.]

7.1.3 If the Past Chair cannot serve, or declines to serve, as Chair of the Nominating Committee, the Board of Directors shall appoint another Delegate or Associate to serve as Nominating Committee Chair so long as the person is ineligible to serve on the Board of Directors for the year following his or her service on the Nominating Committee.

7.1.4 Nominating Committee members shall be elected for two-year terms, and may serve two complete terms in succession plus any unexpired terms. The term begins immediately following the Business Session of the Annual Meeting. The terms of the Nominating Committee members shall be staggered so that half of the Regions hold elections each year.

7.1.5 The election of members and alternates of the Nominating Committee shall require a majority vote of the Member Boards in the Region represented at the Regional Meeting, provided a quorum is met.

7.1.6 At the Regional Meeting, each Region whose Nominating Committee member's term is expiring at the current year's Annual Meeting shall elect a member and an alternate of the Nominating Committee to represent its Region.

7.1.7 Each member and alternate must have (i) served at least two years on a state board of accountancy, (ii) attended at least one NASBA Regional Meeting and one NASBA Annual Meeting and (iii) served on a NASBA committee, board (e.g., Exam Review Board or International Qualifications Appraisal Board; "board" is not referring to member of Board of Directors) or task force.

7.1.8 If a Region's member and alternate are both unable to serve and the Nominating Committee will hold a meeting for the purpose of making nominations prior to that Region's next NASBA Regional Meeting, then an ad hoc committee consisting of one state board member from each Member Board in that Region shall meet to elect a member and alternate to serve for the unexpired terms of the former member and former alternate. Such meeting may be held telephonically.

~~7.1.9 An alternate of the Nominating Committee is not a member of the Committee unless and until he or she assumes office by replacing a member at one or more meetings.~~ [Note: Duplicative of 7.1.2]

7.1.9.40 If a Region fails to elect a member or an alternate as provided above, the Board of Directors shall appoint a member or an alternate to represent that Region on the Nominating Committee.

7.2 Responsibilities of Nominating Committee.

7.2.1 Obligation to Attend Nominating Committee Meetings in Person.

7.2.1.1 In view of the importance of each Region being represented in person at meetings of the Nominating Committee, the member or alternate must be in attendance at meetings in order to participate and vote. The alternate shall reserve the Nominating Committee meeting dates so he or she can attend a meeting on short notice if the member cannot attend. In the event the member cannot attend the meeting, it shall be the

responsibility of the member to notify the Nominating Committee Chair and the Region's alternate as soon as possible so the alternate can attend the meeting.

7.2.1.2 Members of the Nominating Committee who miss more than one meeting during their term may not stand for re-election.

7.2.1.3 The responsibility of the alternate is to serve in person in the event the member cannot attend the meeting or is no longer a Delegate or Associate.

7.2.2 Annual Nominations.

The Nominating Committee shall nominate annually one qualified candidate for Vice Chair, three candidates for Directors-at-Large for those whose terms are expiring at the Annual Meeting, and one candidate for Regional Director from each Region. If the Vice Chair cannot serve as Chair, then the Committee also shall nominate a candidate for Chair. The report of the Nominating Committee shall be submitted to the Chair and presented in accordance with the provisions of these bylaws.

7.2.3 Special Nomination for Vacancy of Vice Chair Position.

In the event of a vacancy in the Vice Chair position as described in Section 4.6.2, the Nominating Committee Chair shall promptly call a meeting of the Nominating Committee to nominate a candidate for Vice Chair. If administratively possible, the Vice Chair nominee will be presented with the other nominees for consideration at the Annual Meeting. If the timing is such that a vote cannot occur at the Annual Meeting, written ballots containing the name of the proposed candidate shall be sent promptly to the Presiding Officers of all Member Boards for voting as set forth in Section 6.7.

7.3 Nominations and Election Process.

7.3.1 At least 60 days preceding the date of the Annual Meeting of the Association, the Nominating Committee shall deliver to the Chair a report which shall include its Annual Nominations as described in Section 7.2.2. The report shall be included with the notice of the Annual Meeting as described in Section 6.3, and shall be presented by the Nominating Committee during the Business Session at the Annual Meeting.

7.3.2 Nominations for any elected position, including a vacancy in the office of Vice Chair, may also be made by at least five Member Boards, if filed with the Chair at least 10 days prior to the Annual Meeting (or the due date set for the mail ballots for Vice Chair).

7.3.3 No nominations from the floor or otherwise will be recognized.

7.3.4 A majority vote of the Member Boards represented during the Business Session at the Annual Meeting (or by mail ballots for Vice Chair) shall constitute an election, provided a quorum is met.

ARTICLE VIII – Committees, Task Forces and Boards

8.1 Standing Committees.

The standing committees of the Association shall include the Executive Committee, the Nominating Committee, the Administration and Finance Committee, the Audit Committee, ~~and~~ the CPA Examination Review Board and the Executive Directors Committee. Unless otherwise provided in these bylaws, the members and chairs of the standing and other committees or task forces are appointed by the Chair.

8.2 Executive Committee.

There shall be an Executive Committee composed of the Past Chair, the Chair, the Vice Chair, the Secretary and the Treasurer. The President shall serve as an ex officio member of the Executive Committee. The Executive Committee shall act for the Board of Directors between meetings of the Board. All actions taken by the Executive Committee must be ratified by the Board of Directors at its next meeting.

8.3 Nominating Committee.

The election and duties of the Nominating Committee are described in Article VII. The Nominating Committee is not a committee of the Board of Directors.

8.4 Administration and Finance Committee.

The Administration and Finance Committee shall oversee and monitor the fiscal operations of the Association. The Treasurer shall serve as Chair of the Administration and Finance Committee.

8.5 Audit Committee.

The Audit Committee shall oversee the annual financial statement audit, the internal controls, and the safeguarding of assets of the Association, and shall recommend to the Board of Directors the firm to perform the audit.

8.6 CPA Examination Review Board.

8.6.1 The CPA Examination Review Board ("ERB") shall: review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and other examinations in general use by boards of accountancy for the licensing of certified public accountants; examine such records, and make such observations, inspections and inquiries as it deems necessary; and report annually to the boards of accountancy.

8.6.2 The Chair of the Board of Directors, subject to the approval of the Board of Directors, shall appoint the members of the ~~CPA Examination Review Board~~ ERB and designate the Vice Chair of the ERB who will automatically succeed to Chair of the ~~CPA Examination Review Board~~ ERB the next year. A vacancy in the office of the Chair of the ~~CPA Examination Review Board~~ ERB shall be filled by the Vice Chair of the ERB.

8.7 Other Committees and Task Forces.

The Chair or the Board of Directors may appoint such other Committees and Task Forces as they deem desirable. Membership on such Committees and Task Forces may include, in addition to Delegates and Associates, executive directors and other persons with special expertise. Task Forces within a Committee may be appointed by the Committee Chair, provided the Task Force members have already been appointed by the NASBA Chair to the Committee.

8.8 Executive Directors Committee.

There shall be an Executive Directors Committee. Its members shall be appointed by the NASBA Chair from the executive directors (or the highest ranking staff member if another title is used by a State Board). The Executive Directors Committee shall operate pursuant to a Mission Statement developed by the Committee and approved by the Board of Directors. The Chair of the Executive

Directors Committee shall serve as liaison to and as an *ex officio* member of the Board of Directors.

ARTICLE IX - Finances

9.1 Fiscal Year.

The fiscal year of the Association shall be from August 1 of one year to July 31 of the next succeeding year.

9.2 Dues.

The dues for each Member Board and for each Associate shall be determined by the Board of Directors and approved by the Member Boards at a regular Annual Meeting of the Association. The Board of Directors may waive, alter or amend unpaid dues of Member Boards. The dues of each Member Board shall be based on the number of persons regulated by that Member Board.

9.3 Other Fees.

The Board of Directors may establish such other fees for publications, programs and services as it shall deem appropriate, provided that no such fees or special assessments shall be levied if such fees or assessments impair the status of the Association under Section 501(c) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any successor law.

9.4 Audit.

The Board of Directors shall, for each fiscal year, appoint a licensed independent public accountant or licensed independent public accountants to express an opinion on the financial statements of the Association. The financial statements of the Association and the report of the auditor or auditors for each fiscal year shall be published for the information of the membership.

9.5 Contracts.

The Board of Directors may authorize the President, any officer or officers, agent or agents of the Association, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances.

9.6 Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by the Board of Directors.

9.7 Indemnification.

The Association ~~may, by resolution of the Board of Directors, provide for indemnification by the Association of~~ **shall, to the fullest extent permitted under Delaware law, defend and/or indemnify** any and all of its Directors or Officers or former Directors or Officers against expenses actually and ~~necessarily~~ **reasonably** incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of **being or** having been ~~Directors or~~ a Director or Officer of the Association. ~~except in relation to matters as to which such Director or Officer or former Director or Officer shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or misconduct in the~~

~~performance of duty and to such matters as shall be settled by agreement predicated on the existence of such liability.~~

9.8 Insurance.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was an Officer, Director, President, committee member, or is serving at the request of the Association, against any liability incurred by such person in any such capacity, or arising out of that person's status as such, whether or not the Association would have the power to indemnify that person against such liability under this Article.

9.9 Dissolution.

The Association shall use its funds only to accomplish the purposes specified in these bylaws and no part of said funds shall inure, or be distributed, to the Member Boards of the Association. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified charitable, education, scientific or philanthropic organizations to be selected by the Board of Directors.

ARTICLE X - Amendments

Any of these bylaws may be altered, amended or repealed, and new bylaws may be adopted by a two-thirds vote of Member Boards represented at any regular or special meeting by one or more Designated Voting Representatives, provided a quorum is present, and provided that the Member Boards approving such an amendment constitute a majority of the Member Boards of the Association. Proposed amendments to these Bylaws must be presented in writing to the Chair at least 60 days before the meeting at which they are to be voted upon; however, this requirement may be waived by the Chair or by a three-fourths vote of Member Boards represented at any regular or special meeting. Any amendments to these bylaws shall become effective on the first day following the Annual Business Meeting unless another day is specified.