

# ARCPA BYLAWS

*Approved August 20, 2024*

## **ARTICLE I - Name**

The corporate name of this Society shall be Arkansas Society of Certified Public Accountants, hereinafter designated Society.

## **ARTICLE II - Objectives**

1. To establish and require of practitioners in the profession such professional standards of integrity, ability and conduct as will command for it the confidence of the public by admitting to this membership only those persons eligible for membership under Article III who have established character and recognized ability.
2. To preserve the good name and integrity of the profession by requiring from its membership at all times full observance of the highest standards of their professional conduct, as promulgated by the American Institute of Certified Public Accountants and this Society.
3. To promote professional and social interaction among its members.
4. To assist in carrying out the provisions of the law providing for the certification of proper persons as Certified Public Accountants; to protect the interest of its members and to promote their welfare; to encourage the proper training of persons who desire to become Certified Public Accountants; to secure the proper recognition of the practice of accountancy as a profession and its utility and necessity in the economic development of the country; and to endorse and support mandatory continuing professional education.

## **ARTICLE III - Membership and Approval of Members**

1. Persons who qualify for membership in the Society are:
  - (a) Any person who holds a Certified Public Accountant's license from any state and who is known to maintain high professional standards of integrity, ability and conduct may make application in writing to become a member.
  - (b) Any person who has passed the certified public accountant examination, but has not met the one-year experience requirement, or any person who has graduated and is sitting for the certified public accountant examination, or any person who is a professional staff employee engaged in an accounting capacity on a substantially full-time basis, or a full time faculty member at an Arkansas college or University, may make application in writing to become an associate member.
  - (c) Any person who is enrolled either full- or part-time at a recognized college or university and has an interest in accounting, may make application in writing to become a student member, and will remain eligible as a student member until graduation.
2. Application and approval procedures are as follows:

- (a) Application for membership must be made to the Society in writing on a form provided by the Board.
- (b) An application fee and the applicable member dues, set by the Board, shall accompany each application. The Board shall have the authority to require of the applicant any additional information, recommendations, etc., as they may see fit to require in order that they may intelligently pass upon the application. After receiving the application fee and applicable dues, the Executive Director/CEO and the Director of Membership shall determine whether the application is in order and, when appropriate, whether the applicant is in good standing with their respective state board of accountancy. If so, the applicant will be approved for membership.
- (c) If an applicant fails to be approved as a member, no further application from such person shall be considered until at least one (1) year from the date of rejection.
- (d) As part of the application each applicant shall agree to abide by the constitution and bylaws and the Code of Professional Ethics of the Society, and the Code of Professional Conduct and bylaws adopted by the American Institute of Certified Public Accountants.
- (e) Life members of the Society are those members who have had a consecutive ARCPA Membership of 40+ years and have been determined by the Board to have ceased to be in active practice or employment because of health or age, and have had the standing of life membership conferred by the Board. Life members shall not be required to pay annual dues or assessments levied by the Society.
- (f) In order to become a retired member of the Society, a person must have been a regular member in good standing for at least three years preceding the retirement application, be permanently retired from the member's primary profession, and be sixty (60) years of age or older, or be under sixty (60) years of age, but totally disabled and eligible to receive social security benefits because of the disability.

#### **ARTICLE IV - Termination and Resignation of Membership**

1. The Board, at its discretion, shall have the right without a hearing, to admonish a member or suspend or terminate the membership of a member:
  - (a) who fails to pay any dues, assessments, or other indebtedness to the Society within two (2) months after the Society has given written demand for payment to the member;
  - (b) who fails to abide by the objects of this, the Society's constitution and bylaws; with regard to matters not within the scope of Article XII.
2. A member who fails to pay annual dues after two months following a written demand for payment shall be terminated from membership by the Board without a hearing.
3. The Board, at its discretion, shall have the right to accept the resignation of a member

regardless of the basis for the resignation.

4. Any former member who shall request reinstatement of membership shall complete the application procedure set forth in Article III, Section 6. In the event the applicant for reinstatement is one who was terminated pursuant to preceding Section 1(a) of this Article IV, the applicant shall pay the current year's dues and the preceding year's dues at the time of reinstatement.

#### **ARTICLE V - Meetings**

1. The fiscal year of the Society will begin April 1 in each year and the annual meeting of the Society shall be held each year on such date as may be set by the Board.
2. Special meetings may be called at any time by the Chair, a majority of the Board, or the Secretary upon written request of twenty (20) members. At such a special meeting no business shall be transacted except such as shall be specified in the call thereof.
3. At any meeting of the Society, the presence of fifty (50) members, either present in person or by proxy, shall constitute a quorum. If no quorum be present within one (1) hour after the time appointed for a meeting, such meeting shall be considered adjourned. The proxy ballots must be verified by at least two members present at the meeting.
4. Notice of the time, place and agenda of every annual meeting or special meeting shall be provided to each member prior to the date of the meeting, at the last known mailing or email address on file, in addition to publication in the Society Newsletter and notification posted on the Society website. In case of a special meeting the notice shall state the purpose of the meeting.
5. The order of business at any regular meeting shall include, but not be limited to, call to order, roll call, reading of minutes of last meeting, reports from officers and directors, committee reports, and old and new business.
6. Robert's Rules of Order, Newly Revised, shall govern all meetings of the Society unless, otherwise provided by statute, the Articles of Incorporation of the Society, or these Bylaws.

#### **ARTICLE VI – Society Governance**

##### **SECTION 1. BOARD OF DIRECTORS**

1. The governing body of the Society shall be the Board of Directors, each of whom shall be a member of the Society in good standing and a resident of the State of Arkansas or a state bordering the State of Arkansas. The Chair of the Board shall preside at all Board meetings. In addition to the powers conferred upon the Board herein, it shall have such other powers as are ordinarily given such boards by custom or law.
2. The Board shall be composed of fourteen (14) members, the chair, the chair-elect, the vice chair, the secretary, the treasurer, and nine (9) elected directors. Eight (8) members of the Board named above shall constitute a quorum. The past Chair, the presidents of the local chapters referred to in Article XV, and the AICPA Council Representative shall all be

nonvoting ex-officio members of the Board.

3. Three (3) of the nine (9) elected directors shall be elected by ballot at each annual meeting of the Society for a term of three (3) years; provided, however, at the first election following the adoption of these bylaws, one (1) director shall be elected for a one (1) year term, one (1) director for a two (2) year term, and three (3) directors for a three (3) year term. Except in the case of a director chosen to complete an unexpired or less than three (3) year term, none of the nine (9) elected directors may be reelected as a member of the Board until a period of one (1) year has elapsed since he/she was last a member of the Board.
4. In case of resignation, removal, disqualification or death of any officer or director, the Board shall have the power to elect a member to serve out the unexpired term of such officer or director.
5. Any director may be removed from the Board by a two-thirds (2/3) vote of the regular members of the Society attending a meeting specially called for the purpose of considering the removal of the director, or by a two-thirds (2/3) vote of the members of the Board if the director is not meeting the stated responsibilities of their elected position.
6. If any of the nine (9) elected directors becomes an officer of the Society, he/she shall then become a member of the Board as an officer and the vacancy thus created shall be filled as provided for in preceding Section 4 of this Article VI.
7. Any absence on the part of any member of the Board from three (3) consecutive regularly scheduled meetings shall be deemed a tender of his or her resignation of office unless a satisfactory explanation shall be given to the members of the Board.
8. Minutes shall be kept for all the Board's proceedings and a report thereof shall be submitted by the secretary of the Society at each regular meeting of the Board.
9. A majority vote of the Board present at any meeting of the Board attended by a quorum shall be necessary on any question brought before it unless otherwise provided in these bylaws.
10. In lieu of a meeting, the Society Chair may call for a poll vote (via mail, phone, email, text message or other verifiable, electronic communication device) on matters requiring a Board vote. For poll votes, a majority of the Board members is required to approve a matter presented.
11. The Board shall hold meetings as often as necessary to enable it to govern the Society, but in no case shall the Board meet less than four (4) times during any fiscal year. Attendance at Board meetings may be by physical attendance or by an electronic means allowing for real-time communication, such as telephone or online video conferencing.
12. The Board shall have the responsibility for all employment actions in the hiring, termination, or retirement of the Executive Director/CEO for the Society. The qualifications,

duties and compensation of the Executive Director/CEO shall be determined by the Board. The Board will have the responsibility to supervise the activities and performance of the Executive Director/CEO.

13. The stated conflicts of interest are a board member having a relative employed by the Society, and a board member having a “financial interest” in doing business with the Society. A conflict of interest of a board member having a relative employed by the Society will immediately disqualify a member of the Board. A “relative” is defined as a husband, wife, mother, father, stepmother, stepfather, mother-in-law, father-in-law, brother, sister, stepbrother, stepsister, half-brother, half-sister, brother-in-law, sister-in-law, daughter, son, stepdaughter, stepson, daughter-in-law, son-in-law, uncle, aunt, first cousin, nephew or niece. A conflict of interest of a board member having a “financial interest” in doing business with the Society makes that board member subject to disqualification by the Board on review of the circumstances involving the financial interest of that Board member. “Financial interest” is defined as receiving or entitled to receive more than one thousand dollars (\$1,000.00) in a calendar year while a member of the Board, as a result of ownership or involvement in a business performing transactions with the Society. Fees paid by the Society to speakers at Society sponsored trainings and Peer Review Oversight Fees are excluded from the definition of “financial interest”.

## SECTION 2. OFFICERS

1. The officers of this Society shall be its chair, chair-elect, vice-chair, secretary and treasurer. The chair-elect shall become chair of the Society at the beginning of the fiscal year following his/her year as chair-elect. The vice-chair shall become chair-elect of the Society at the beginning of the fiscal year following his/her year as vice-chair.
2. The officers shall be elected at the annual meeting of the Society in the manner provided for elsewhere in these bylaws. Except for the secretary and treasurer who shall serve for two (2) years, the officers shall hold their respective offices for one year and/or until their successors have been duly elected and qualified. The officers' tenure of office shall begin on April 1 of each year.
3. Any officer may be removed for cause by a two-thirds (2/3) vote by the membership present at a special meeting called to consider the charges against him/her due notice of such charge and meeting having been sent by registered mail not less than two weeks before the date set for such meeting, or by a two-thirds (2/3) vote of the members of the Board if the officer is not meeting the stated responsibilities of their elected position. The member may have the benefit of legal counsel at such meeting.
4. The chair shall preside at meetings of the Society's membership and Board. In the absence of the chair the presiding officer shall be the chair-elect if present or if not, the vice-chair. In the event neither the chair-elect nor the vice-chair is able to preside, the Board will then designate one of their members to be presiding officer pro tempore.
5. The duties of the chair-elect shall be to prepare for his or her year of service as chair and to preside at general membership and Board meetings when the chair is unable to attend.

6. The duties of the vice-chair shall be to prepare for his or her years of service as chair-elect and chair and to preside at general membership and Board meetings when neither the chair nor the chair-elect are in attendance.
7. The secretary shall give notice of all meetings of the Society and of the Board and shall keep a record of the proceedings of all such meetings and of all other matters of which a record shall be ordered by the Society. The secretary shall notify persons elected to membership of their election and shall conduct all correspondence relating to the Society, shall perform all duties pertaining to the office of the secretary and shall keep a register of the names and addresses of the members of the Society.
8. The treasurer shall receive all money payable to the Society, shall have charge of all the funds and securities of the Society, shall keep regular accounts thereof as directed by the Board, and shall submit financial reports at all meetings of the Society's membership and Board. The treasurer shall pay only such funds as are authorized by the Board by checks signed by the treasurer and shall deposit all funds as directed by the Board. The treasurer may delegate such responsibilities as deemed advisable to the Society's Executive Director/CEO. The accounts of the treasurer shall be audited by the Society's audit committee and a report on the audit shall be made at the membership meeting of the Society following the close of each fiscal year.
9. The chair shall appoint such committees, committee members and committee chairs as the chair deems necessary; provided, however, all appointments shall be subject to Board approval.

## **ARTICLE VII – Committees and Task Forces**

### **SECTION 1. FORMATION**

There shall be five (5) Administrative Standing committees and eight (8) General Standing Committees.

The Administrative Standing Committees will assist the Board in executing its functions and will comprise of the Executive Committee, Audit Committee, Finance Committee, Policy Committee and Strategic Planning Committee.

The General Standing Committees will assist the Society to fulfil the stated objectives of the Society and will comprise of the Accounting Principles and Auditing Committee, the Emerging CPAs Committee, the Federal Tax Institute Committee, the Business and Industry Committee, the Legislative Committee, the Nominations Committee, the Professional Ethics Committee, and the Taxation Committee.

#### Subsection A. Executive Committee

The Executive Committee shall be composed of the Officers of the Society: the Chair, Chair-Elect,

Vice Chair, Secretary, Treasurer, plus the Executive Director/CEO and the Immediate Past Chair as Ex-Officio Members, and one additional board member selected by the Chair-Elect.

The Executive Committee shall be charged with operational control and management of the property, business and activities of the Society, and shall take whatever action it deems desirable for the conduct of the affairs of the Society not inconsistent with these Bylaws. The Executive Committee shall accomplish these responsibilities primarily through the Society Chair.

The Executive Committee shall be specifically charged with the responsibility for all committee work, subject to Board policy, and will also be responsible for and supervise the activities and performance of the Executive Director/CEO. The Executive Director/CEO is responsible for the supervision and performance of the Society's office staff.

All actions of the Executive Committee shall be reported at each meeting of the Board of Directors.

In addition, the Society Chair, upon ratification by the Executive Committee, may establish such Committees and Task Forces as may be needed to assist the Executive Committee and the Society Chair in carrying out the programs and operations of the Society.

## SECTION 2. MEMBERSHIP

- A. The number of members comprising Committees and Task Forces shall be determined by the scope of responsibility and work assigned.
- B. The Society Chair-elect shall, in consultation with the Committee members appoint the Committee and Task Force Chairs and Vice-chairs. The chair may serve more than one year. The Board shall ratify chair assignments.
- C. The Society Chair-elect shall appoint or remove the members of each Committee or Task Force, ensuring that the Committees and Task Forces, taken as a whole, are representative of the Society membership.
- D. All members of Committees or Task Forces must be members in good standing of the Society.

## SECTION 3. TERMS OF OFFICE

- A. Committee terms shall be established by the Board.
- B. Members of Task Forces shall be appointed for the duration of the Task Force.

## SECTION 4. RESPONSIBILITIES

The responsibilities of the Committees and Task Forces shall be specified in these Bylaws and/or stated in the Policies and Procedures adopted by the Board.

## **ARTICLE VIII - Nomination and Election of Officers and Directors**

- 1. There shall be a nominating committee, which shall be composed of five (5) members. The Immediate Past Chair of the Board shall serve as Chair of the committee, with the four (4)

remaining members being appointed annually by the Chair-elect. At least two of the appointed members must be former Board members of the Society. No incumbent officer or director shall be eligible for membership on this committee, nor shall members of the committee propose any of its own members for any position as an officer or director. It shall be the duty of this committee to nominate one active member of the Society for each position to be voted on at the next annual meeting.

2. The nominating committee shall render its report to the secretary of the Society not later than forty-five (45) days before the annual meeting. A copy of the nominating committee's report shall be sent by the secretary to each member of the Society at least thirty (30) days prior to the annual meeting. Additional nominations for officers and directors may be made from the floor at the annual meeting.

#### **ARTICLE IX - Voting**

1. Except as provided in Section 2 of this Article IX, every member shall be entitled to vote at meetings of the Society. Members unable to attend meetings may vote by proxy. Proxies must be signed by the members so voting and must be in the hands of the secretary prior to the opening of any meeting at which the voting takes place. The authenticity of each proxy shall be verified by at least two members present at the meeting.
2. Associate members and student members shall not hold office and shall not be entitled to vote at meetings of the Society but may be granted the privileges of the floor at those meetings.
3. No member shall be entitled to vote in person or by proxy unless all dues, assessments or other indebtedness to the Society are current on the date of the meeting.

#### **ARTICLE X - Dues**

1. The amount of annual dues of the Society shall be set by the Board and shall be billed on April 1 and payable on the last day of April.
2. In meritorious cases the Board may grant an extension of time for payment or may cancel any dues, assessments or other indebtedness of any member and may order the exemption of any member from any dues, assessments, or indebtedness, which may become due in the future.

#### **ARTICLE XI - Amendments**

1. Amendments to the constitution and bylaws of the Society, which must have been previously considered by the Board and given either a do pass or do not pass recommendation, may be approved at an annual or special meeting of the Society by a three-fourths ( $\frac{3}{4}$ ) majority of the members voting in person or by proxy.
2. A copy of every proposal to amend the Constitution and bylaws shall be set out in the call for the meeting at which the proposed amendment will be voted upon and shall be sent to each member at least thirty (30) days before the date set for the meeting.

#### **ARTICLE XII - Complaints Against Members and Automatic Disciplinary Action**

1. Any complaint referred against a member of the Society shall be submitted to the Society's Ethics Committee provided it is made in writing and signed by the person or persons



presenting the complaint, and the complaint, which shall be examined promptly, shall be kept confidential by the Ethics Committee. The Ethics Committee shall determine whether to dismiss the complaint, sanction the offending member, or refer the complaint to the American Institute of Certified Public Accountants ("AICPA"). In the event the matter is referred to the AICPA and it recommends the Society take a specific action with respect to the member, then the Ethics Committee shall oversee implementation of the recommendation of the AICPA.

2. Whenever a member of the Society, whether or not a member of the AICPA, shall be charged with violating the Society's Code of Professional Ethics, the said charge shall be initiated in accordance with the terms of any then existing agreement between the Society and the AICPA relating to ethics enforcement. The Society shall pursue the charge by acting jointly and in cooperation with the AICPA under the agreement in effect between the Society and the AICPA at the time of such action. If the matter is not resolved without a hearing, then any hearing relating to the alleged violation shall be conducted under the terms of the aforesaid agreement, operative rules of the Joint Trial Board Division of the AICPA and the operative joint ethics enforcement procedures in effect by virtue of the agreement between the Society and the AICPA.
3. Notice of admonishment to a member or termination or suspension of membership of a member as a result of a disciplinary action taken in every matter pursued under this Article XII may be published in a membership publication of the Society in a form approved by the chair of the hearing panel which took the last action in the matter. In every case the notice shall disclose the name of the member involved with a statement of the reasons therefore. The Board of Directors may also authorize additional disclosures of any matter within the jurisdiction of the Ethics Committee.
4. Membership in the Society shall be suspended without a hearing should it be verified and presented to the Board of Directors 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 the member, as an individual taxpayer, is required by law to file;
  - c. The filing of a false or fraudulent income tax return on the member's 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 upon the similar filing of a final judgment of conviction.
  - e. The Board of Directors shall provide for the consideration and disposition, with or without hearing, of a written petition of any member that the member's membership should not be suspended or terminated pursuant to Article XII Section 4 (a-d), herein.

5. Membership in the Society shall be suspended by the Board of Directors without a hearing should a member's certificate as a certified public accountant or license or permit to practice as such or to practice public accounting be suspended as a disciplinary measure by any state board of accountancy; however, such suspension of membership shall terminate upon reinstatement of the certificate, license or permit. Membership in the Society shall be terminated by the Board of Directors without a hearing should such certificate, license, or permit be revoked, withdrawn, surrendered, indefinitely suspended, or cancelled as a disciplinary measure or in connection therewith.
  - a. The Ethics Committee and the Board of Directors of the Society may jointly approve certain governmental agencies and other organizations whose disciplinary actions against a member will permit the Society to take disciplinary action against that member without a hearing. To be eligible for approval, the governmental agency must be one which has the authority to prohibit a member from either practicing before it or serving as a director, officer or trustee of an entity. To be eligible for approval, an organization other than a governmental agency must be one which has been granted the authority by statute or regulation to regulate accountants. If such approved governmental agency or organization temporarily suspends, prohibits or restricts a member from practicing before it or another governmental agency, or from serving as a director, officer or trustee of any entity, the member's membership in the Society shall be suspended by the Board of Directors; however, such suspension of membership shall terminate upon such agency's or organization's termination of the suspension, prohibition or restriction. If such approved governmental agency or organization bars or permanently or indefinitely suspends, prohibits or restricts a member from practicing before it or another governmental agency, or from serving as a director, officer or trustee of any entity, the member's membership in the Society shall be terminated by the Board of Directors.
  - b. A member who has been subjected to any sanction as a disciplinary measure other than or in addition to those sanctions addressed above, by an authority covered in Article XII Section 5 (a), may also be subjected to discipline by the Society without a hearing pursuant to guidelines established by the Ethics Committee and approved by the Board of Directors.
  - c. The Board of Directors shall provide for the consideration with or without a hearing to consider a timely written petition by the Ethics Committee or the member that the member should not be disciplined pursuant to Article XII Section 5(a) or 5(b).
6. Application of the provisions of Article IV Section 1(b), Article XII Section 4 and Article XII Section 5 shall not preclude the summoning of the member concerned to appear before a hearing panel of the trial board pursuant to Article XII Section 2.

## **ARTICLE XIII - Liability of Officers and Indemnification**

### **SECTION 1. LIMITATION ON LIABILITY**

Notwithstanding any provision to the contrary, the real and personal property of the Society officers shall not be available to satisfy any of the Society's corporate debts to any extent whatever. Society officers shall include those elected and appointed officers of the Society, members of the Society Executive Committee and those elected and appointed members of the Society's duly constituted Committees and Task Forces.

### **SECTION 2. INDEMNIFICATION**

- A. Mandatory Indemnification. In accordance with Ark. Code Ann. §§ 4-33-852 and 4-33-856, the Society shall indemnify any director or officer and such person's estate or personal representative who is wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director or officer is a party by virtue of such person's status as a director or officer of the Society. Such indemnification shall continue as to a person who has ceased to be a Society officer or director of the Society and shall inure to the benefit of the heirs, executors, and administrators of such person.
- B. Permissible Indemnification. Pursuant to Ark. Code Ann. § 4-33-851, and except as provided in section 3 below, the Society may indemnify a director or officer made a party to a proceeding by virtue of such person's status as a director or officer against liability incurred in the proceeding if the following conditions are met: (i) the director or officer conducted himself or herself in good faith; (ii) with respect to conduct in his or her official capacity, the director or officer had reason to believe that his or her conduct was in the best interests of the Society; and (iii) in cases of conduct not in his or her official capacity, the director or officer had reason to believe that his or her conduct was at least not opposed to the best interests of the Society. Such indemnification shall continue as to a person who has ceased to be a Society officer or director of the Society and shall inure to the benefit of the heirs, executors and administrators of such person.
- C. Prohibition of Indemnification in Certain Cases. The Society shall not indemnify a director or officer in connection with any proceeding by or in the right of the Society in which the director or officer was adjudged liable to the Society, or in connection with any other proceeding charging improper personal benefit to the director or officer, whether or not involving action in his or her official capacity, in which the director or officer was adjudged liable on the basis that personal benefit was improperly received by the director or officer.
- D. Procedure for Authorizing Indemnification of Directors. Before the Society may indemnify any director pursuant to section 2 above, a determination must be made that indemnification of a director is permissible because the director has met the standards of conduct set forth in section 2 of this article. The board of directors shall make that determination by a majority vote of a quorum consisting of directors who are not at the time parties to the proceeding; provided however, if such a quorum cannot be obtained, the determination shall be made either by a committee designated by the board of directors or by special legal counsel appointed by the board of directors in accordance with Ark. Code Ann. § 4-33-855(b)(2) and (3). Furthermore, the Society may not indemnify a director until twenty (20) days after the effective date of the written notice of the proposed

indemnification to the Attorney General of the State of Arkansas. The Society may pay for or reimburse the reasonable expenses incurred by a director or officer who is a party to a proceeding in advance of final disposition of the proceeding upon authorization made in accordance with Ark. Code Ann. § 4-33-855 and upon satisfaction of all the conditions prescribed in Ark. Code Ann. § 4-33-853. Those conditions being: 1). The director or officer furnishes the corporation a written affirmation of his or her good faith belief that he or she has met the standard of conduct required by law. 2). The director or officer furnishes the corporation a written undertaking, executed personally or on the director's or officer's behalf, to repay the advance if it is ultimately determined that the director or officer did not meet the standard of conduct; and 3). A determination is made by the board that the facts then known to those making the determination would not preclude indemnification under this part.

E. Insurance. The Society may purchase and maintain insurance on behalf of its directors and officers to insure against liabilities asserted against or incurred by the Society's directors and officers in that capacity or arising from their status as directors and officers, whether or not the Society would have the power to indemnify them against the same liability under the preceding sections of this article.

F. Definitions. The following definitions apply to the indemnification provisions of this article:

(i) Proceeding. "Proceeding" means any threatened, pending or completed civil action, suit or proceeding, whether judicial, administrative, or investigative, and whether formal or informal.

(ii) Liability. "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses actually incurred with respect to a proceeding.

(iii) Expenses. Indemnification against expenses which is mandated or permitted under this article is limited to reasonable expenses, including attorneys' fees, incurred in connection with a proceeding.

(iv) Ark. Code Ann. All citations in these bylaws to "Ark. Code Ann." shall refer to the Arkansas Code of 1987 Annotated, as amended from time to time by the Arkansas Legislature.

#### **ARTICLE XIV - Dissolution**

##### **SECTION 1. LIQUIDATION OR DISSOLUTION**

A. In the event of liquidation, dissolution or winding up of the business and affairs of the Society, whether voluntary or involuntary or by operation of law, the Executive Committee shall, after paying or making provisions for payment of all liabilities of the Society, dispose of all assets exclusively for the purpose of the Society or to such Association or organization as shall at the time qualify as exempt under Section 501(c)(3) or 501(c)(6) of the Internal Revenue Code of 1954 (or corresponding provisions of any future Internal

Revenue Law), in such manner as the Executive Committee shall determine. Any assets not so distributed shall be disposed of by the United States District Court for the Eastern District of Arkansas exclusively for such purposes or to such corporations or organizations as said court shall determine are organized and operated solely for public purpose.

#### **ARTICLE XV - Local Chapters**

1. The state of Arkansas shall be divided into chapter districts, which may be subdivided at any time upon application for formation of a new chapter to the Society which is approved by the Society's Board. No more than one (1) chapter district may be organized within one (1) county, and each chapter must have at least ten (10) members at the time of the formation of a chapter.
2. A member of the Society in good standing may become a member of the chapter in the district where he/she resides or maintains his/her principal office. If a member of the Society wishes to join a chapter other than the one where he/she resides or has his/her principal office, then Society approval shall be required in accordance with its bylaws. Each chapter shall have the right to assess dues approved by its Board of Directors. No Society member may become currently a member of more than one chapter.
3. A chapter shall have no power to obligate the Society in any manner.
4. The bylaws of the local chapter will not be in conflict with those of the Society, and at all times shall be subject to approval by the Board of the Society.
5. At its first meeting and annually thereafter, each chapter shall elect from among its members a president, a secretary and such other officers and directors as may be deemed necessary. The chapter secretary shall keep records of proceedings subject to inspection by the chapter president and the Board of the Society.
6. Local chapters may be separately incorporated provided that proposed articles of incorporation of such chapters and any proposed amendments thereto receive the approval of the Board of the Society.

#### **ARTICLE XVI - Professional Conduct**

The rules 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.

# **ARCPA CODE OF PROFESSIONAL ETHICS**

The reliance of the public and the business community on sound financial reporting and advice on business affairs imposes on the accounting profession an obligation to maintain high standards of technical competence, morality and integrity. To this end, a member of the Arkansas Society of Certified Public Accountants shall at all times maintain independence of thought and action, hold the affairs of clients in strict confidence, strive continuously to improve professional skills, observe generally accepted auditing standards, promote sound and informative financial reporting, uphold the dignity and honor of the accounting profession and maintain high standards of personal conduct.

In further recognition of the public interest and obligation to the profession, a member agrees to comply with the rules of ethical conduct contained in the current version of the AICPA publication entitled, "Professional Standards, Volume II – Ethics, Bylaws, Quality Control," the acceptance of which should not be construed as a denial of the existence of other standards of conduct not specifically mentioned.