

**BY-LAWS**  
**OF THE**  
**FINANCIAL ACCOUNTING FOUNDATION**

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## CHAPTER A, ARTICLE I - BOARD OF TRUSTEES

### *Section 1. Authority, Functions, and Powers.*

- (a) The business and affairs of the Financial Accounting Foundation (the “Foundation”) shall be managed by or under the direction of its Board of Trustees (the “Board of Trustees”), which shall have and may exercise all authority and powers, and perform all functions of the Foundation and do such lawful acts and things as are not, by the Certificate of Incorporation (as may be amended or restated from time to time, the “Certificate of Incorporation”) or by or pursuant to these By-Laws, directed or required to be exercised or performed by the Financial Accounting Standards Board (the “FASB”), or by the Governmental Accounting Standards Board (the “GASB”), or the Financial Accounting Standards Advisory Council (the “FASAC”) in its advisory capacity, or by the Governmental Accounting Standards Advisory Council (the “GASAC”) in its advisory capacity.
- (b) In carrying out its authority, functions, powers, and oversight responsibilities under this Article, the Board of Trustees shall not direct the FASB or the GASB to undertake or to omit to undertake any particular project or activity or otherwise affect the exercise by the FASB or the GASB of their respective authorities, functions, and powers in the establishment and improvement of financial accounting and reporting standards, and the Board of Trustees shall take care not to impair, in fact or perception, the independence and objectivity of the FASB or the GASB in the establishment and improvement of financial accounting and reporting standards.
- (c) Subject to the foregoing:
  - i. The Board of Trustees shall provide for the appropriate funding and resources for the Foundation, the FASB, the GASB, the FASAC, and the GASAC.
  - ii. The Board of Trustees shall oversee the strategic planning, promotion and positioning of the Foundation, the FASB and the GASB in the evolution of financial accounting and reporting standards for the private and public sectors.
  - iii. The Board of Trustees shall perform reviews of, and have power of approval over, the annual budgets of the Foundation, the FASB and the GASB as prepared and presented to it by the President of the Foundation, the Chair of the FASB and the Chair of the GASB, respectively, and shall review the financial statements of the Foundation, as prepared and presented to it by the President of the Foundation.
  - iv. The Board of Trustees shall review periodically the short- and long-range project plans of the FASB, the GASB, the FASAC, and the GASAC, and their progress in implementing such plans.

- (d) The Board of Trustees shall have the final responsibility for resolving questions involving the jurisdictional authority, functions, and powers of the FASB and the GASB and as between the FASB and the GASB.
- (e) The Board of Trustees shall review periodically the By-Laws of the Foundation and the basic structure of establishing and improving standards of financial accounting and reporting, and shall have responsibility for oversight of that structure and of the exercise by the FASB, the GASB, the FASAC, and the GASAC of their respective authorities, functions, and powers, pursuant to and in accordance with this *Section 1* and *Section 2* of this Article.
- (f) The Board of Trustees shall have responsibility for the establishment and implementation of administrative policies and procedures for the Foundation, the FASB, the GASB, the FASAC, and the GASAC, and the staffs, task forces, committees, and groups thereof, and the President of the Foundation shall report and be responsible to the Board of Trustees in respect of the operation of such administrative policies and procedures.
- (g) As provided herein, the Board of Trustees shall have responsibility for appointing the members of the FASB, the GASB, the FASAC, and the GASAC.

*Section 2. Oversight.*

- (a) In connection with the exercise of its authority, functions, and powers under *Section 1* of this Article, the Board of Trustees, among other things, shall provide oversight, on an ongoing basis, over the activities of the FASB, the GASB and their due process practices, policies and procedures, including, but not limited to, agenda setting, solicitation and consideration of public comments; post-issuance evaluation of the effectiveness and efficiency of FASB and GASB standards and standard-setting activities; the performance of the FASB and the GASB within the context of their mission statements; and such other activities and matters as the Board of Trustees, in its discretion, may determine.
- (b) In exercising its oversight responsibilities, the Board of Trustees shall, among other things, maintain effective communications with the members of the FASB, the GASB, and other interested persons and groups; request periodic reports on the FASB's and the GASB's standard-setting activities from the Chair of the FASB and of the GASB, including annual evaluations by the Chair of the FASB and of the GASB regarding their performance within the context of their mission statements; request periodic reports on the FASAC's and the GASAC's activities from the Chair of the FASAC and of the GASAC; meet periodically and separately with each member of the FASB and the GASB; publish annually a report discussing, among other things, the FASB's and the GASB's activities and the FASB's and the GASB's performance within the context of their mission statements; and conduct periodic reviews of the structure for establishing and improving financial accounting and reporting standards in such scope and at such times as the Board of Trustees shall determine.

*Section 3. Number and Term.*

- (a) Except as otherwise provided in the Certificate of Incorporation of the Foundation, the full Board of Trustees shall (other than as a result of vacancies) consist of no fewer than fourteen (14) or more than eighteen (18) Trustees (which shall include one (1) “Chairman Trustee”). The specific number of Trustees comprising the full Board of Trustees from time to time shall be fixed by resolution of the Board of Trustees.
- (b) The term of the Trustee who is elected Chairman Trustee shall continue through December 31 of the third full calendar year (as defined in (e) below) following the calendar year in which the Chairman Trustee commences his or her responsibilities as such and until his or her successor is elected and qualified or until his or her earlier resignation or removal. At the end of his or her term, the Chairman Trustee shall be eligible for re-election to the Board of Trustees to serve a successive term as Chairman Trustee and there shall be no limit on the number of terms that such Trustee may serve in the capacity as Chairman Trustee.
- (c) The Trustees, other than the Chairman Trustee, shall be divided into five (5) classes, with the term of each class to expire in successive years. Subject to *Section 7* of this Article and clause (d) of this *Section 3*, the term of each Trustee, other than the Chairman Trustee, shall continue through December 31 of the fifth full calendar year following the calendar year in which the Trustee commences his or her responsibilities as such and until the Trustee’s successor is elected and qualified or until his or her earlier resignation or removal.
- (d) Subject to *Section 7* of this Article, a Trustee (other than the Chairman Trustee) shall not be eligible for re-election to a second consecutive term. The terms of the Trustees, other than that of the Chairman Trustee, shall be staggered in such a manner that the terms of not more than six Trustees (excluding the Chairman Trustee) shall expire on December 31 in any one year.
- (e) For the purposes of this section, a “full calendar year” shall refer to the period January 1 until December 31, and shall exclude for this purpose any partial calendar year that the Chairman Trustee or other Trustee may have served.

*Section 4. Qualifications.*

- (a) Of the number of Trustees comprising the full Board of Trustees from time to time, at least three (3) shall be designated as “Governmental Trustees” and shall be individuals who, in the judgment of the Board of Trustees, have extensive experience as financial officers or as elected officials of state or local governmental entities, and the remaining Trustees shall be designated as “at-large Trustees” and shall be individuals with business, investment, capital markets, accounting, accounting and business education, financial, government, regulatory, investor advocate or other experience who, in the judgment of

the Board of Trustees, can contribute to advancing the purposes of the Foundation. The responsibilities of a Trustee shall be personal to each person elected as a Trustee, and no Trustee shall have any power of substitution or delegation of authority as a Trustee.

- (b) At all times the majority of the Board of Trustees shall be composed of Trustees who are not concurrent with their service on the Board, and have not been during the two-year period preceding such service, associated persons (as determined by the Board of Trustees) of any public accounting firm.

*Section 5. Nominations.*

- (a) Nominations for at-large Trustees, other than the Chairman Trustee, shall be sought by the Foundation from a broad array of groups, as the Board of Trustees, or any designated committee thereof, deems appropriate. Such groups may include domestic and international investor, accounting, and business organizations; financial and capital markets participants; accounting and business academicians; consumer groups; regulatory organizations; and other interested entities and persons. The Trustees may also nominate candidates for at-Large Trustees. The Board of Trustees, or any designated committee thereof, shall have sole authority to nominate all candidates for the office of Chairman Trustee, and any nominee for such office may, but need not, be a member of the Board of Trustees at the time nominated.
- (b) Subject to the provisions of this *Section 5*, candidates for each Governmental Trustee position shall be nominated pursuant to procedures adopted jointly by the Government Finance Officers Association, the National Association of State Auditors, Comptrollers and Treasurers, the Council of State Governments, the International City/County Management Association, the National Association of Counties, the National Conference of State Legislatures, the National Governors' Association, the National League of Cities, and the U.S. Conference of Mayors (such associations being hereinafter referred to collectively as the "Governmental Organizations"); provided that, if requested by the Foundation, the Governmental Organizations shall be obligated, as a condition to their continuing rights under this *Section 5*, to consult with the Foundation on attributes, skills and specific experiences desired by the Foundation of candidates for any particular Governmental Trustee office, and to review the credentials of, and consider as potential nominees in their nominating processes, candidates identified to such Governmental Organizations by the Foundation.

The following provisions shall apply to nominations for each Governmental Trustee position:

- i. All nominations shall be submitted to the Foundation in accordance with the procedures and requirements and by such deadlines as the Foundation shall establish from time to time. Nominees may, but need not, be members of the organizations or groups that have nominated them.

- ii. The Board of Trustees or any designated committee thereof shall be the sole determiner of whether a nominee is suitable for election as a Trustee and shall not submit to the members of the Foundation (as defined in the Certificate of Incorporation, the “Members”) for election any nominee that the Board of Trustees or its designated committee shall deem not suitable for election. The Board of Trustees or its designated committee shall have broad authority in evaluating and determining the suitability of each Trustee candidate. Among the criteria that would support a candidate’s suitability for election to the Board of Trustees are evidence of the candidate’s commitment to the mission of the Foundation; ability and commitment to exercise independence and objectivity as a Trustee; understanding of the financial and capital markets; appreciation of the interests of investors and other users of financial information in standards of financial accounting and reporting and in the processes for setting such standards; concern for the public interest; and unquestionable professional ethics and integrity.
- iii. The Board of Trustees shall be entitled, but shall not be obligated, to assume that, in the selection and submission of any nominee, the organization, group, entity or individual that shall have submitted the nomination exercised reasonable diligence to ascertain that the nominee is suitable for election as a Trustee.
- iv. Should the Board of Trustees or a designated committee thereof determine that all nominees submitted by the Governmental Organizations for election as a Governmental Trustee are not suitable for election, the Board of Trustees or its designated committee shall promptly notify the Governmental Organizations of such determination and shall request that the Governmental Organizations submit one or more alternative nominee(s) (the “Alternative Nominees”). In such event, the Governmental Organizations shall be provided a reasonable period of time (which shall not be less than 30 days from the date of notice) to submit Alternative Nominees.
- v. In advance of a vote on a nominee by the Members, as provided in the Certificate of Incorporation and, to the extent practicable, on or before December 31 of each year, the Board of Trustees shall recommend to the Members one or more nominees for election to each Trustee office for which there will be an expiring term at the end of such year; provided that, subject to the last sentence of this *Section 5*, the Board of Trustees shall not recommend, and shall not be entitled to recommend, to the Members any nominee for election as a Governmental Trustee who has not been nominated by the Governmental Organizations pursuant to this *Section 5*. If following the Foundation’s delivery of a written request to the Governmental Organizations seeking one or more nominees for a Governmental Trustee election (or for one or more Alternative Nominees upon a finding by the Board of Trustees or its designated committee that all nominees previously submitted by the Governmental Organizations are not suitable for election), the Governmental Organizations fail to comply with such request on a timely basis, the Board of Trustees shall have the authority to identify and recommend to the Members for election as a Governmental Trustee an individual, or individuals, not nominated by

the Governmental Organizations; provided, that such individual possesses the qualifications required of a Governmental Trustee as prescribed in *Section 4* of this Article.

*Section 6. Elections and Removal.*

- (a) Subject to the procedures set forth in *Sections 5 and 7* of this Article, and Chapter B, Article III of these By-Laws, Trustees shall be elected by the Members at a meeting of the Members to be held, to the extent practicable, on or before December 31 next preceding the commencement of such Trustees' term, by vote of a simple majority of the Members. Notwithstanding the foregoing, or any other provision in these By-Laws to the contrary, the Members shall not elect any individual to the Board of Trustees who has not been recommended for election in accordance with *Section 5* of this Article.
- (b) No Trustee shall be removed, except on the vote of two-thirds (2/3) of the Members, and then, in each case of removal, only for cause or by reason of disability (which, in the opinion of a physician selected by the Members, will continue for a period of at least six (6) consecutive months from the commencement of such disability), malfeasance or alleged malfeasance in office, or other cause deemed by the Members as reasonably evidencing conduct detrimental to the purposes or repute of the Foundation, the FASB, or the GASB.

*Section 7. Vacancies.*

- (a) Vacancies on the Board of Trustees may be filled by a majority of the Trustees then in office, though less than a quorum, or by a sole remaining Trustee; provided, that in filling the vacancy of any Governmental Trustee, the majority of the then serving Governmental Trustees, if any, shall have voted with the majority in filling such vacancy.
- (b) Any Trustee so elected shall be qualified, in the judgment of such Trustees or such sole remaining Trustee (as the case may be), from the same category of Trustee (Governmental Trustee or at-large Trustee) under *Section 4* of this Article as the Trustee whose unexpired term is being filled. An individual elected as a Trustee to fill a vacancy pursuant to this *Section 7* shall hold office for the balance of the unexpired term of the vacancy he or she is filling and until his or her successor is elected and qualified or until his or her earlier resignation or removal in accordance with *Section 6* of this Article.
- (c) Notwithstanding the foregoing, an individual who initially becomes a Trustee (other than a Chairman Trustee) pursuant to this *Section 7* shall be eligible for nomination pursuant to *Section 5* of this Article and for election by the Members at the expiration of the vacancy term, to a second consecutive term continuing through December 31 of the fifth full calendar year (or December 31 of any year prior to the fifth full calendar year in order not to conflict with the provisions of the clause (d)

of *Section 3* of this Article) following the effective date of his or her filling of the vacancy and until his or her successor is elected and qualified or until his or her earlier resignation or removal. For the purposes of this section, a “full calendar year” shall refer to the period January 1 until December 31, and shall exclude for this purpose any partial calendar year that the Trustee may have served.

*Section 8. Committees.*

- (a) The Board of Trustees may designate one or more committees, each committee to consist of one or more Trustees. The Board of Trustees may designate one or more other Trustees as alternate members of a committee who may replace any absent member at any meeting thereof. In event that a member of a committee is absent from a meeting of the committee, the member or members present at the meeting, whether or not the member or members present constitute a quorum, may unanimously appoint another Trustee to act at the meeting in place of such absent member. Any such committee, to the extent provided by the Board of Trustees and subject to the laws of the State of Delaware, shall have and may exercise any or all of the authority, functions, and powers reserved to the Board of Trustees.
- (b) Among the committees designated by the Board of Trustees shall be:
  - i. an Executive Committee, which shall be chaired by the Chair of the Board of Trustees, and whose responsibilities shall include periodically reviewing and recommending any appropriate changes to the By-Laws or organizational structure of the Foundation, assisting the President and other executive officers in the direction and management of the Foundation, and consideration of matters arising in respect of policies adopted by the Board of Trustees pursuant to *Section 4* of Chapter A, Article II, and *Section 4* of Chapter A, Article IV of these By-Laws, including consultations with any member of the FASB or the GASB in respect of whether such member should disqualify himself or herself on a particular vote pursuant to *Section 5* of Chapter A, Article II or *Section 5* of Chapter A, Article IV of these By-Laws;
  - ii. a Standard-Setting Process Oversight Committee (or successor committee), whose responsibilities shall include establishing, implementing and administering processes for the Board of Trustees’ ongoing oversight and evaluation of the adequacy, transparency, efficiency and efficacy of the due process practices and procedures employed by the FASB and the GASB in the establishment and improvement of financial accounting and reporting standards; and
  - iii. an Appointments and Evaluations Committee (or successor committee) whose responsibilities shall include consideration of candidates for election by the Members to the Board of Trustees, consideration of candidates for appointment by the Board of Trustees to the FASB, the GASB, the FASAC, the GASAC, and such other councils or bodies as may be designated from time to time by the Board of Trustees, and consideration of candidates as officers of the Foundation. Whenever

candidates are being considered for appointment to the GASB, the Governmental Trustees then serving on the Board of Trustees shall serve as ex officio members (to the extent not already members) of the Appointments and Evaluations Committee (or any such successor committee) in respect of such appointments, and the Appointments and Evaluations Committee shall not recommend a particular candidate or candidates to the Board of Trustees for appointment to the GASB unless at least two Governmental Trustees shall not object to such candidate or candidates being recommended. The foregoing shall not be deemed to limit the power or authority of the Board of Trustees to appoint to the GASB any individual possessing the qualifications prescribed in *Section 2* of Chapter A, Article IV of these By-Laws who it determines appropriate, whether or not such individual receives a recommendation from the Appointments and Evaluations Committee.

- (c) The Chair of the Board of Trustees and each Vice Chair of the Board of Trustees may serve as non-voting ex officio members of each Committee of the Board of Trustees, unless the Board of Trustees shall otherwise determine.

*Section 9. Special Advisory Committees.* The Board of Trustees may designate one or more special advisory committees to the Board of Trustees and determine the composition thereof. Unless otherwise provided in the Board of Trustees' resolution designating a special advisory committee, the Chair of the Board of Trustees shall have the authority of the Board of Trustees to designate the Trustee members, if any, of such special advisory committee.

*Section 10. Conduct of Trustees.* Appropriate policies shall be adopted, and from time to time may be altered, amended, supplemented, and repealed, by the Board of Trustees in respect of conduct and activities of the Board of Trustees. Such policies, as shall be in effect at any time, shall be designed and interpreted in such a manner as, in the judgment of the Board of Trustees, will foster the ability of the Board of Trustees to discharge its duties in such a manner as to ensure the independence and objectivity of the standard-setting process.

## **CHAPTER A, ARTICLE II - FINANCIAL ACCOUNTING STANDARDS BOARD**

*Section 1. Financial Accounting Standards Board.* The Board of Trustees shall appoint a board, which shall be known as the Financial Accounting Standards Board ("FASB"), whose members shall be appointed without regard to previous employment or discipline and shall have the qualifications provided in *Section 2* of this Article. The FASB shall have and may exercise all authority, functions, and powers of the Foundation and the Board of Trustees in respect of the establishment and improvement of financial accounting and reporting standards (other than in respect of activities and transactions of state and local governmental entities), including the conduct of all activities related thereto not reserved to the Board of Trustees or others in the Certificate of Incorporation or in these By-Laws, which authority, functions, and powers shall be exercised by the FASB in conformity with these By-Laws.

*Section 2. Number and Qualifications of Members.* The number of members that shall constitute a full Financial Accounting Standards Board shall be seven (7). The members of the FASB shall, in the judgment of the Board of Trustees, each have a concern for the investor and

public interest in matters of financial accounting and reporting and shall, collectively, have knowledge of and experience in investing, accounting, finance, business, accounting education and research. Members of the FASB shall receive compensation as determined by the Board of Trustees, and shall serve full time.

*Section 3. Appointment of Members.*

- (a) Subject to the exceptions set forth in clause (b) below, each member of the FASB shall be appointed or reappointed by the Board of Trustees to a term continuing through June 30 in the fifth calendar year from the calendar year in which such member's term commenced and until a successor is appointed or until his or her earlier resignation or removal.
- (b) The exceptions to the provisions of clause (a) are as follows:
- i. If there is a vacancy on the FASB, the Board of Trustees, in its discretion, may appoint a new member to either fill the vacancy for the balance of the unexpired term of the FASB member, or eliminate the remaining unexpired term and establish a new term, as determined in accordance with this *Section 3*. Except as provided in clause (ii) below, a new term established pursuant to this clause (i) shall expire on June 30 in the fifth full year from the year in which such term commences, utilizing a July 1 to June 30 period as a full year for this purpose, and excluding for this purpose any partial year that the member of the FASB may serve during his or her initial term. Vacancies on the FASB shall be filled as promptly as practicable by the Board of Trustees.
  - ii. The terms of FASB members shall be staggered in such manner that the terms of not more than two members of the FASB shall expire on June 30 in any one calendar year. If the term of a newly-appointed FASB member would otherwise expire on the date that the terms of two other FASB members would expire, the term of the newly-appointed FASB member shall be reduced to expire on June 30 of the latest year in which the terms of not more than two members will expire.
  - iii. No person shall be reappointed as a member of the FASB to a term expiring on June 30 in any year if on such June 30 such person will have served more than ten full year periods as a member of the FASB, utilizing a July 1 to June 30 period as a full year period for this purpose, and excluding for this purpose any partial year period that the member of the FASB may have served during his or her initial term.
  - iv. Subject to clause (ii) above, the Board of Trustees may, in its discretion, reappoint a member of the FASB to a term commencing July 1 and continuing through June 30 of the sixth calendar year from the year in which such member's term commenced and until a successor is appointed, if on the June 30 of such sixth calendar year the member shall have served not more than ten full year periods, utilizing a July 1 to June 30 period as a full year period for this purpose, and excluding for this purpose any partial year period that the member of the FASB

may have served during his or her initial term.

- v. With respect to any member who has been appointed as Chair of the FASB, such member's term shall be as provided in Section 9 of this Article.
- (c) No member of the FASB shall be removed except on the vote of two-thirds (2/3) of all Trustees serving and then only by reason of disability (which in the opinion of a physician selected by the Board of Trustees will continue for a period of at least six (6) consecutive months from the commencement of such disability), malfeasance or alleged malfeasance as a member of the FASB, or other cause deemed by the Board of Trustees as reasonably evidencing conduct detrimental to the purposes or reputation of the FASB.

*Section 4. Outside Activities and Investments.* Appropriate policies shall be adopted, and from time to time may be altered, amended, supplemented, and repealed, by the Board of Trustees in respect of personal investments and other personal activities of members and the staff of the FASB. Such policies as shall be in effect at any time shall be designed and interpreted in such a manner as, in the judgment of the Board of Trustees, will prevent conflicts of interest.

*Section 5. FASB Standards of Financial Accounting and Reporting; Voting; Quorum.* The FASB is hereby authorized to issue pronouncements of financial accounting and reporting standards with respect to non-governmental entities, designed to establish or improve standards of financial accounting and reporting for the guidance and education of the public, including users of financial information, investors, creditors, issuers, auditors, educators, and government. The FASB's standards shall relate to accounting and presenting financial information.

The Rules of Procedure prescribed by the FASB shall set forth and provide for procedures with respect to the establishing of project plans of the FASB and the issuing of financial accounting and reporting standards. Such rules shall provide that the FASB prepare short – and long – range project plans, including the agenda of projects and their priorities, which plans and all modifications thereto shall be approved by at least a majority of the FASB's members. Such rules shall provide for exposure of proposed standards and consultation with the FASAC and appropriate task forces, committees, and, to the extent deemed practicable in the circumstances by the FASB, other interested persons, organizations, and groups. Such rules shall provide for the giving of notice and the holding of public roundtable meetings, hearings or other forums when the FASB, in its judgment, determines that any such public forums are necessary or advisable in order for the FASB to make an informed decision. The FASB shall not issue any financial accounting and reporting standards or any Exposure Draft of a proposed standard without the approval of at least a majority of its members, except in the case of vacancy, disability of any duration or character preventing any member from voting, or in the event that any member, at any time prior to the vote, disqualifies himself or herself from voting for reasons related to a policy of the Board of Trustees adopted pursuant to *Section 4* of this Article, in any of which events the approval of not less than a majority (but in no event less than three) of the remaining members of the FASB shall be sufficient. A member may vote even if such member was not a member or otherwise was unable to or did not participate in any public roundtable meetings, hearings or other forums during the research, discussion, or deliberative periods. A member may continue to participate in public roundtable meetings, hearings and other forums during the research, discussion, and deliberative periods even though such member has disqualified himself

or herself from voting for reasons related to a policy adopted by the Board of Trustees pursuant to *Section 4* of this Article, or may so disqualify himself or herself, on a particular vote.

The Rules of Procedure prescribed by the FASB shall provide that transcripts of public roundtable meetings, hearings and other forums (if prepared), minutes of meetings of the FASB<sup>1</sup>, and, except where confidentiality is deemed advisable by the FASB, copies of documents received by the FASB from the FASAC, task forces, and other persons and organizations commenting or seeking guidance on, or recommending actions in respect to, standards of financial accounting and reporting shall be publicly available.

Except as otherwise expressly provided in this *Section 5* and in *Section 10* of this Article or in the FASB's Rules of Procedure, at all meetings of the FASB a majority of the members serving will constitute a quorum, and the act of a majority of the members voting shall be required to approve any action.

*Section 6. Other Communications.* The FASB may from time to time, in its discretion and with or without appointment of task forces, research, notice, hearings, or exposure, issue in its name or at its direction, financial accounting concepts, discussion documents, and other communications in respect of matters related to financial accounting and reporting; provided, however, that such communications shall not purport to be standards of financial accounting and reporting.

*Section 7. Coordination with Other Organizations.* The FASB shall have the final and ultimate authority over the subject, style, content, and substance of its standards of financial accounting and reporting, and of its other communications in respect to financial accounting and reporting with respect to non-governmental entities. The FASB should at all times be mindful of the importance of clarity and persuasiveness in its standards and other communications, and of their impact on users of financial information, investors, creditors, issuers, auditors, educators, and the public at large. Accordingly, the FASB shall encourage continuing communication, and endeavor to maintain continuing liaison, with those within its stakeholders. The FASB shall establish and maintain a process for reviewing, post-issuance, the effectiveness of, and issues raised by stakeholders in implementing, standards of financial accounting and reporting. The FASB shall cooperate with, and shall use its best efforts to coordinate its efforts to the fullest extent possible with, the GASB. The FASB or its Chair shall consult with the FASAC concerning major technical issues, the FASB's agenda of projects and the priorities of projects, matters likely to require the FASB's attention and such other matters as the FASB or its Chair may determine. Any requirement in these By-Laws or otherwise for the FASB, its Chair, or others to consult with the GASB, the FASAC, any task force, committee, or group, or their members, may be satisfied by consultation with the Chair of the GASB or the Chair of the FASAC or the Chair of any such task force, committee, or group, as the case may be, when acting in such capacity.

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<sup>1</sup> A "Meeting" of the FASB for which minutes shall be kept and made publicly available shall mean only a meeting at which a decision on an agenda item is sought or reached in the course of such meeting. For purposes of oversight by the Board of Trustees, the FASB also shall maintain minutes of any administrative meeting at which a potential change to the FASB's technical agenda is discussed, which minutes shall be internal and not publicly available.

*Section 8. Identification of Votes; Dissents.* Each standard of financial accounting and reporting shall identify those members of the FASB who voted for the standard and those who voted against it, and shall include comments of dissenting members in support of their dissents.

*Section 9. Chair of the FASB.*

- (a) In furtherance of its oversight responsibilities as to the standard-setting process, the Board of Trustees shall appoint a member of the FASB to serve as Chair of the FASB.
- (b) The Chair shall serve for a term continuing through June 30 in the seventh calendar year from the calendar year in which such person's term as Chair commenced and until a successor is appointed or until his or her earlier resignation or removal from such office, in the latter case by majority vote of all Trustees serving and in the sole discretion of such Trustees (removal as a member of the FASB being subject to Section 3(c) of this Article). Such person shall not be eligible for reappointment following the expiration of such person's term.
- (c) Notwithstanding the provisions of Section 3 of this Article, such term as Chair shall also constitute a term of equal length for the officeholder as a member of the FASB. In the event that the person designated to serve as Chair is at the time of designation serving as a member of the FASB, such person's remaining unexpired term as a member of the FASB shall be eliminated and a new term established pursuant to this Section 9 and coterminous with such person's term as Chair of the FASB. However, no person may be appointed to a seven-year term as Chair and as a member of the FASB under this Section 9 if at the conclusion of such term such person would have served as a member of the FASB for more than ten full-year periods, calculated as provided in Section 3(b)(iii) of this Article.
- (d) The duties of the Chair of the FASB shall include the following:
  - 1. The Chair shall be the principal officer of the FASB and shall preside at its meetings.
  - 2. The Chair shall prepare a mission statement for submission to the FASB for approval.
  - 3. The Chair shall transmit the FASB's short- and longer-range project plans to the Board of Trustees and the FASAC.
  - 4. The Chair shall prepare quarterly and annual reports with respect to the activities of the FASB and its progress with respect to its project plans and annual reports with the Chair's evaluation of the FASB's performance within the context of its mission statement, and shall transmit such reports to the Board of Trustees and the FASAC, which reports shall be publicly available.
  - 5. The Chair shall prepare the annual budget of the FASB following consultation with other members of the FASB, and submit such budget to the Board of Trustees for its approval.
  - 6. In accordance with Foundation policies, the Chair shall have authority to hire and retain staff members to serve the FASB and to fix their duties and the amount of their salaries and other compensation, and to appoint and contract with any persons or organizations with respect to research (following consultation with the appropriate staff director(s)) and other technical services to be performed by them as consultants or independent contractors.

7. The Chair shall have authority to establish and appoint persons to task forces, committees and other groups (who may but need not be members or staff of the FASB or the FASAC) following consultation with other members of the FASB and one or more staff directors, as appropriate.
8. The Chair shall be responsible for establishing operating procedures for the FASB, its staff, task forces, committees and other groups, and for implementing and directing their broad operating processes in accordance with the policies of the Foundation.
9. The Chair shall consult with the Chair of the GASB in order to enhance the effectiveness of the interrelationships between the FASB and the GASB and their staffs.
10. The Chair shall work in cooperation with the Chair of the FASAC to assist the FASAC to accomplish its functions and to facilitate the work of the FASB.
11. The Chair shall provide for research to be conducted by the FASB staff or by such consultants or independent contractors as the Chair may deem necessary or desirable in the circumstances, following consultation with the appropriate FASB staff director(s).
12. The Chair shall appoint one or more technical directors and may appoint other staff directors. Members of the FASB's staff, task forces, committees and other persons employed, hired, or otherwise retained or appointed by or at the direction of the Chair shall, except as otherwise provided in these By-Laws, serve at the pleasure of the Chair or as otherwise provided in contracts made by or at the direction of the Chair.

The Chair may delegate or assign particular functions or duties to other members of the FASB, the staff directors, the members of the FASB's staff, task forces and committees, the FASAC (following consultation with the FASAC's Chair), and others as the Chair may determine.

The Board of Trustees may, in its discretion, appoint, to serve at its pleasure, one or more members of the FASB as Vice Chair or Vice Chairs of the FASB, to exercise the powers and carry out the duties of the Chair in his or her absence or disability, and to perform such other duties and functions as may be determined by the Board of Trustees in consultation with the Chair of the FASB.

*Section 10. Rules of Procedure.* The FASB shall have the exclusive authority to alter, amend, supplement, repeal, and adopt the FASB's Rules of Procedure, with or without notice, hearings, or exposure, with the approval of a majority of its members, provided that the Rules of Procedure do not conflict with the provisions of the Certificate of Incorporation or the By-Laws.

*Section 11. Meetings Generally.* Regular and special meetings of the FASB may be held at the FASB's principal offices or elsewhere, at such time and place and with such notice as shall be prescribed by or pursuant to the FASB's Rules of Procedure. The FASB's Rules of Procedure shall provide for public meetings, subject to such limitations and specifying such procedures as may be determined by the FASB as advisable.

## **CHAPTER A, ARTICLE III - FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL**

*Section 1. Financial Accounting Standards Advisory Council.* The Board of Trustees shall establish a council of not less than twenty persons who, in the judgment of the Board of Trustees, shall be knowledgeable about the issues involving, and impact of, financial accounting and reporting or shall possess an expertise of value to the FASB, which council shall be known as the Financial Accounting Standards Advisory Council (the "FASAC"). The membership of the FASAC shall broadly represent varied professional and occupational backgrounds with no profession or occupation dominating. As a means of involving the public in the accounting standard-setting process the membership shall include users of financial statements, investors, creditors, preparers, auditors, educators, and individuals with experience in government. The FASAC members shall be appointed by the Board of Trustees.

*Section 2. Terms of Members.* Members of the FASAC, other than the Chair, shall be appointed for terms of one year expiring on December 31 in the first calendar year from the year of their election. Subject to the needs of the FASB, members of the FASAC, shall ordinarily serve no more than four consecutive terms. Vacancies in unexpired terms of the FASAC members may be filled by persons appointed by the Board of Trustees, and shall be filled whenever necessary to maintain the membership of the FASAC at not less than twenty. Members of the FASAC shall serve without remuneration (except as may be otherwise determined by the Board of Trustees), but shall be reimbursed for such actual out-of-pocket expenses as they may reasonably request as members of the FASAC in accordance with Foundation policies. Membership on the FASAC shall be personal to the persons appointed thereto, and no member of the FASAC shall have any power of substitution or delegation of function as a FASAC member.

*Section 3. Functions of the FASAC.* The FASAC shall consult with the FASB concerning major technical issues, the FASB's agenda of projects and the assigning of priorities thereto, matters likely to require the FASB's attention, and such other matters as may be requested by the FASB or its Chair. Members of the FASAC are expected to provide comments in respect of standards of financial accounting and reporting proposed for issuance by the FASB, as well as comments and other expressions of views on such other matters as may be referred to the FASAC or its members from time to time by the Chair of the FASAC or by the FASB or its Chair. Members of the FASAC are also expected to consider and provide comments on broader policy questions, such as whether an issue needs addressing, criteria for adding projects to the FASB's technical agenda, relative priorities of agenda projects, whether stakeholder views are being appropriately balanced, cost/benefit relationships, and due process considerations. The FASAC shall meet at such times and at such places as may be determined by or pursuant to its operating procedures or policies, and, in any event, as often as deemed necessary or desirable by the Chair of the FASAC in order for the FASAC to perform its functions, and also when requested by the FASB or the FASB's Chair following consultation with the Chair of the FASAC. The minutes of public meetings of the FASAC and written comments of members of the FASAC in respect of standards of financial accounting and reporting proposed for issuance as well as on broader policy questions and other matters as may be referred to the FASAC or any of its members shall be publicly available.

*Section 4. Chair of the FASAC.* The Board of Trustees shall appoint, to serve at its pleasure, a Chair of the FASAC. The Chair of the FASAC shall be appointed to a term continuing through December 31 of the fourth full calendar year from commencement of such term (or such shorter period of time as may be agreed upon by the Board of Trustees at the time of appointment) and until a successor is appointed or until his or her earlier resignation or removal. The Chair shall be eligible to serve in such capacity for one or more additional terms as determined by the Board of Trustees; provided, that the aggregate of consecutive years for which an individual may be appointed to serve as Chair of the FASAC shall not exceed eight (8) full calendar years. For the purposes of this *Section 4*, a “full calendar year” shall refer to the period January 1 until December 31, and shall exclude for this purpose any partial calendar year that the Chair of the FASAC may have served during his or her initial term.

The duties of the Chair of the FASAC shall be as follows:

1. The Chair shall be the principal officer of the FASAC and shall preside at its meetings.
2. The Chair shall be responsible to the Board of Trustees for implementing and directing the broad operating processes of the FASAC to assure the effective and timely communication of comments and views of members of the FASAC to the FASB.
3. The Chair shall prepare (following consultation with FASAC members and the FASB's Chair) short- and longer-range project plans for FASAC and transmit such plans to the FASB and the Board of Trustees.
4. The Chair shall prepare quarterly reports with respect to the activities of the FASAC for transmission to the Board of Trustees and the FASB.
5. The Chair shall provide input to the Chair of the FASB on the FASAC's budget as part of the FASB's annual budget process.
6. The Chair shall cooperate with the Chair of the FASB to accomplish the functions of the FASAC and to facilitate the work of the FASB.
7. In furtherance of the duties of the Chair, the Chair shall:
  - a. guide discussion at the FASAC meetings so that comments and views can be presented effectively;
  - b. assure that the FASAC is prepared to discuss and consider effectively and in a timely manner technical and other issues on which it is consulted;
  - c. establish the FASAC's agenda and consult with the FASB's Chair as to the FASB's requirements in the planning of the FASAC's agenda and work;
  - d. on behalf of the FASAC and after drawing on the views of the FASAC members, advise the FASB or its Chair as to major technical issues, the FASB's agenda of projects and the assigning of priorities thereto, matters likely to require the FASB's attention, and such other matters as may be requested by the FASB or its Chair;
  - e. encourage the FASAC members to provide comments on standards of financial accounting and reporting proposed for issuance by the FASB, as well as on broader policy questions and such matters as may be referred to the FASAC or any of its members from time to time by the Chair or by the FASB or its Chair;

- f. organize and appoint such committees or other groups of the FASAC members and others as the Chair deems appropriate;
  - g. prepare operating procedures for the FASAC (following consultation with the FASAC members and the FASB's Chair) and, as the Chair may deem appropriate, for FASAC's committees and other groups, and submit operating procedures for the FASAC to the Board of Trustees for its approval; and
  - h. encourage the FASAC members to speak and write publicly with respect to the work of the FASB and the FASAC, in accordance with the policies of the Foundation and the FASB.
8. The Chair shall advise the Board of Trustees with regard to the representation of the FASB's stakeholders on the FASAC and the effectiveness of the FASAC members.
  9. The Chair shall supervise an executive director or a secretary who shall maintain a record of FASAC's proceedings.

The Board of Trustees may, in its discretion, appoint, to serve at its pleasure, one or more members of the FASAC as Vice Chair or Vice Chairs of the FASAC, to exercise the powers and carry out the duties of the Chair in his or her absence or disability, and to perform such other duties and functions as may be determined by the Board of Trustees in consultation with the Chair of the FASAC.

*Section 5. Meetings Generally.* Regular and special meetings of the FASAC may be held either at the FASB's principal offices or elsewhere, at such time and place and with such notice as shall be prescribed by or pursuant to the FASAC's operating procedures. Such operating procedures shall provide for public meetings, subject to such limitations and specifying such procedures as may be determined as advisable.

## **CHAPTER A, ARTICLE IV - GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

*Section 1. Governmental Accounting Standards Board.* The Board of Trustees shall appoint a board, which shall be known as the Governmental Accounting Standards Board ("GASB"), whose members shall be appointed without regard to employment or discipline and shall have the qualifications provided in *Section 2* of this Article. The GASB shall have and may exercise all authority, functions, and powers of the Foundation and the Board of Trustees in respect of the establishment and improvement of standards of financial accounting and reporting, including the conduct of all activities related thereto not reserved to the Board of Trustees or others in the Certificate of Incorporation or in these By-Laws, in respect of activities and transactions of state and local governmental entities, which authority, functions, and powers shall be exercised by the GASB in conformity with these By-Laws.

*Section 2. Number and Qualifications of Members.* The number of members that shall constitute a full Governmental Accounting Standards Board shall be seven (7). Each member of the GASB shall, in the judgment of the Board of Trustees, have knowledge of governmental accounting and finance and a concern for the public interest in matters of financial accounting and

reporting. Members of the GASB shall receive compensation as determined by the Board of Trustees. The Chair of the GASB shall serve full time. Unless all members of the GASB shall be appointed to serve as full-time GASB members, such other members of the GASB shall serve on either a full-time or part-time basis as the Board of Trustees from time to time shall determine, and if part time, may be in the employ of other organizations while serving on the GASB, subject to such policies as the Board of Trustees may from time to time approve.

*Section 3. Appointment of Members.*

- (a) Subject to the exceptions set forth in clause (b) below, each member of the GASB shall be appointed or reappointed by the Board of Trustees to a term continuing through June 30 in the fifth calendar year from the calendar year in which such member's term commenced and until a successor is appointed or until his or her earlier resignation or removal.
- (b) The exceptions to the provisions of clause (a) are as follows:
  - i. If there is a vacancy on the GASB, the Board of Trustees, in its discretion, may either appoint a new member to fill the vacancy for the balance of the unexpired term of the GASB member, or eliminate the remaining unexpired term and establish a new term, as determined in accordance with this *Section 3*. Except as provided in clause (ii) below, a new term established pursuant to this clause (i) shall expire on June 30 in the fifth full year from the year in which such term commences, utilizing a July 1 to June 30 period as a full year for this purpose, and excluding for this purpose any partial year that the member of the GASB may serve during his or her initial term. Vacancies on the GASB shall be filled as promptly as practicable by the Board of Trustees.
  - ii. The terms of GASB members shall be staggered in such manner that the terms of not more than two members of the GASB shall expire on June 30 in any one calendar year. If the term of a newly-appointed GASB member would otherwise expire on the date that the terms of two other GASB members would expire, the term of the newly-appointed GASB member shall be reduced to expire on June 30 of the latest year in which the terms of not more than two members will expire.
  - iii. No person shall be reappointed as a member of the GASB to a term expiring on June 30 in any year if on such June 30 such person will have served more than ten full year periods as a member of the GASB, utilizing a July 1 to June 30 period as a full year period for this purpose, and excluding for this purpose any partial year period that the member of the GASB may have served during his or her initial term.
  - iv. Subject to clause (ii) above, the Trustees may, in their discretion, reappoint a member of the GASB to a term commencing July 1 and continuing through June 30 of the sixth calendar year from the year in which such member's term commenced and until a successor is appointed, if on the June 30 of such sixth calendar year the member shall have served not more than ten full year periods, utilizing a July 1 to June 30 period as a full year period for this purpose, and

excluding for this purpose any partial year period that the member of the GASB may have served during his or her initial term.

- (c) With respect to any member who has been appointed as Chair of the GASB, such member's term shall be as provided in Section 10 of this Article.
- (d) No member of the GASB shall be removed from office except on the vote of two-thirds (2/3) of all Trustees serving and then only by reason of disability (which in the opinion of a physician selected by the Board of Trustees will continue for a period of at least six consecutive months from the commencement of such disability), malfeasance or alleged malfeasance as a member of the GASB, or other cause deemed by the Board of Trustees as reasonably evidencing conduct detrimental to the purposes or repute of the GASB.

*Section 4. Outside Activities and Investments.* Appropriate policies shall be adopted, and from time to time may be altered, amended, supplemented, and repealed by the Board of Trustees in respect of personal investments and other personal activities of members and the staff of the GASB. Such policies as shall be in effect at any time shall be designed and interpreted in such a manner as, in the judgment of the Board of Trustees, will prevent conflicts of interest.

*Section 5. Statements of the GASB; Voting; Quorum.* The GASB is hereby authorized to issue Statements of Governmental Accounting Standards, as hereinafter described in this Article. The Rules of Procedure prescribed by the GASB shall set forth and provide for procedures with respect to the establishing of project plans of the GASB and issuing of Statements. Such rules shall provide that the GASB prepare short – and long – range project plans, including the agenda of projects and their priorities, which plans and all modifications thereto shall be approved by at least a majority of the GASB's members. The GASB's Statements shall relate to accounting and presenting financial information by state and local governmental entities.

The GASB shall not issue any Statement of Governmental Accounting Standards, or any Exposure Draft of any such Statement, without the approval of at least a majority of its members, except in the case of vacancy, disability of any duration or character preventing any member from voting, or in the event that any member, at any time prior to the vote, disqualifies himself or herself from voting for reasons related to a policy of the Board of Trustees adopted pursuant to *Section 4* of this Article, in any of which events the approval of not less than a majority (but in no event less than three) of the remaining members of the GASB shall be sufficient. A member may disqualify himself or herself from voting for reasons related to a policy of the Board of Trustees adopted pursuant to *Section 4* of this Article. A member may vote even if such member was not a member or otherwise was unable to or did not participate in any public hearings or other forums during the research, discussion, or deliberative periods. A member may continue to participate in public hearings and other forums during the research, discussion, and deliberative periods even though such member has disqualified, or may so disqualify, himself or herself on a particular vote.

Except as otherwise expressly provided in this *Section 5* and in *Section 12* of this Article or in the GASB's Rules of Procedure, at all meetings of the GASB a majority of the members serving will constitute a quorum for the transaction of business, and the act of a majority of the members voting shall be required to approve any action.

*Section 6. Statements of Governmental Accounting Standards.* The GASB's Statements of Governmental Accounting Standards shall be designed to establish or improve standards of financial accounting and reporting with respect to state and local governmental entities, for the guidance and education of the public, including users of financial information, investors, creditors, issuers, auditors, educators, and government. The GASB's Rules of Procedure shall provide, in connection with the issuance of Statements of Governmental Accounting Standards, for the giving of notice and the holding of public meetings, hearings or other forums when the GASB, in its judgment, determines that any such public forums are necessary or advisable in order for the GASB to make an informed decision, for the exposure of proposed Statements of Governmental Accounting Standards, and for consultations with the GASAC and appropriate task forces and other groups and, to the extent deemed practicable in the circumstances by the GASB, other interested persons and organizations. Such rules shall further provide that transcripts of public hearings and other forums (if prepared), minutes of meetings of the GASB, and, except where confidentiality is deemed advisable by the GASB, copies of documents received by the GASB from the GASAC, task forces, and other persons and organizations commenting or seeking guidance on, or recommending actions in respect to, Statements of Governmental Accounting Standards shall be publicly available.

*Section 7. Other Communications.* The GASB may from time to time, in its discretion and with or without appointment of task forces, research, notice, hearings, or exposure, issue in its name or at its direction Statements of Concepts, Technical Bulletins, Implementation Guides, and other communications in respect of matters relating to financial accounting and reporting by state and local governmental entities, including its activities; provided, however, that such communications shall not purport to be Statements of Governmental Accounting Standards.

*Section 8. Coordination with Other Organizations.* The GASB shall have the final and ultimate authority over the subject, style, content, and substance of its Statements of Governmental Accounting Standards and of its other communications in respect to matters related to financial accounting and reporting by state and local governmental entities. The GASB should at all times be mindful of the importance of clarity and persuasiveness in its Statements of Governmental Accounting Standards and other communications, and of their impact on users of financial information, investors, creditors, issuers, auditors, educators, and the public at large. Accordingly, the GASB shall encourage continuing communication, and endeavor to maintain continuing liaison, with those within its stakeholders. The GASB shall establish and maintain a process for reviewing, post-issuance, the effectiveness of, and issues raised by stakeholders in implementing, Statements of Governmental Accounting Standards. The GASB shall cooperate with, and shall use its best efforts to coordinate its efforts to the fullest extent possible with, the FASB. The GASB or its Chair shall consult with the GASAC concerning major technical issues, the GASB's agenda of projects and the priorities of projects, matters likely to require the GASB's attention, and selection and organization of task forces and other groups, and such other matters as the GASB or its Chair may determine. Any requirement in these By-Laws or otherwise for the GASB, its Chair, or others to consult with the FASB, the GASAC, any task force, committee, or group, or their members, may be satisfied by consultation with the Chair of the FASB or the Chair of the GASAC or the Chair of any such task force, committee or group, as the case may be, when acting in such capacity.

*Section 9. Identification of Votes; Dissents.* Each Statement of Governmental Accounting Standards shall identify those members of the GASB who voted for the standard and those who voted against it, and shall include comments of dissenting members in support of their dissents.

*Section 10. Chair of the GASB.*

- (a) In furtherance of its oversight responsibilities as to the standard-setting process, the Board of Trustees shall appoint a member of the GASB to serve as Chair of the GASB.
- (b) The Chair shall serve for a term continuing through June 30 in the seventh calendar year from the calendar year in which such person's term as Chair commenced and until a successor is appointed or until his or her earlier resignation or removal from such office, in the latter case by majority vote of all Trustees serving and in the sole discretion of such Trustees (removal as a member of the GASB being subject to Section 3(c) of this Article). Such person shall not be eligible for reappointment following the expiration of such person's term.
- (c) Notwithstanding the provisions of Section 3 of this Article, such term as Chair shall also constitute a term of equal length for the officeholder as a member of the GASB. In the event that the person designated to serve as Chair is at the time of designation serving as a member of the GASB, such person's remaining unexpired term as a member of the GASB shall be eliminated and a new term established pursuant to this Section 10 and coterminous with such person's term as Chair of the GASB. However, no person may be appointed to a seven-year term as Chair and as a member of the GASB under this Section 10 if at the conclusion of such term such person would have served as a member of the GASB for more than ten full-year periods, calculated as provided in Section 3(b)(iii) of this Article.
- (d) The duties of the Chair of the GASB shall include the following:
  - 1. The Chair shall be the principal officer of the GASB and shall preside at its meetings.
  - 2. The Chair shall prepare a mission statement for submission to the GASB for approval.
  - 3. The Chair shall transmit the GASB's short- and longer-range project plans to the Board of Trustees and the GASAC.
  - 4. The Chair shall prepare quarterly and annual reports with respect to the activities of the GASB and its progress with respect to its project plans and annual reports with the Chair's evaluation of the GASB's performance within the context of its mission statement, and shall transmit such reports to the Board of Trustees and the GASAC.
  - 5. The Chair shall prepare the annual budget of the GASB following consultation with other members of the GASB and submit such budget to the Board of Trustees for its approval.
  - 6. The Chair, in accordance with Foundation policies, shall have authority to hire and retain staff members to serve the GASB and to fix their duties and the amount of their salaries and other compensation in accordance with Foundation policies, and to appoint and contract with any persons or organizations with respect to research

- (following consultation with the appropriate staff director(s)) and other technical services to be performed by them as consultants or independent contractors.
7. The Chair shall have authority to establish and appoint persons to task forces, committees and other groups (who may but need not be members or staff of the GASB or the GASAC) following consultation with other members of the GASB and one or more staff directors, as appropriate.
  8. The Chair shall be responsible for establishing operating procedures for the GASB, its staff, task forces, committees and other groups, and for implementing and directing their broad operating processes.
  9. The Chair shall consult with the Chair of the FASB in order to enhance the effectiveness of the interrelationships between the GASB and the FASB and their staffs.
  10. The Chair shall work in cooperation with the Chair of the GASAC to assist the GASAC to accomplish its functions and to facilitate the work of the GASB.
  11. The Chair shall appoint a director of research and technical activities and may appoint other staff directors. Members of the GASB's staff, task forces, committees and other persons employed, hired, or otherwise retained or appointed by or at the direction of the Chair shall, except as otherwise provided in these By-Laws, serve at the pleasure of the Chair or as otherwise provided in contracts made by or at the direction of the Chair.

The Chair may delegate or assign particular functions or duties to other members of the GASB, the staff directors, the members of the GASB's staff, task forces, the GASAC (following consultation with the GASAC's Chair), and others as the Chair may determine.

The Board of Trustees may, in its discretion, appoint, to serve at its pleasure, one or more members of the GASB as Vice Chair or Vice Chairs of the GASB, to exercise the powers and carry out the duties of the Chair in his or her absence or disability, and to perform such other duties and functions as may be determined by the Board of Trustees in consultation with the Chair of the GASB.

*Section 11. Rules of Procedure.* The GASB shall have the exclusive authority to alter, amend, supplement, repeal, and adopt Rules of Procedure, with or without notice, hearings, or exposure, with the approval of a majority of its members, provided that the Rules of Procedure do not conflict with the provisions of the Certificate of Incorporation or the By-Laws.

*Section 12. Meetings Generally.* Regular and special meetings of the GASB may be held at the GASB's principal offices or elsewhere, at such time and place and with such notice as shall be prescribed by or pursuant to the GASB's Rules of Procedure. The GASB's Rules of Procedure shall provide for public meetings, subject to such limitations and specifying such procedures as may be determined by the GASB as advisable.

## **CHAPTER A, ARTICLE V - GOVERNMENTAL ACCOUNTING STANDARDS ADVISORY COUNCIL**

*Section 1. Governmental Accounting Standards Advisory Council.* The Board of Trustees shall establish a council of not less than twenty persons who, in the judgment of the Board of Trustees, shall be knowledgeable about the issues involving, and impact of, financial accounting and reporting by state and local governmental entities or shall possess an expertise of value to the GASB, which council shall be known as the Governmental Accounting Standards Advisory Council (the "GASAC"). The membership of the GASAC shall broadly represent varied professional and occupational backgrounds with no profession or occupation dominating. As a means of involving the public in the governmental accounting standard-setting process, the Board of Trustees, in initially appointing the members of the GASAC, shall invite the following organizations to nominate an individual to serve on the GASAC: American Accounting Association; American Institute of Certified Public Accountants; Association of Government Accountants; Association of School Business Officials; Council of State Governments; Financial Accounting Foundation; Government Finance Officers Association; Healthcare Financial Management Association; International City/County Management Association; National Association of College and University Business Officers; National Association of Counties; National Association of State Auditors, Comptrollers and Treasurers; National Conference of State Legislatures; National Governors' Association; National League of Cities; United States Conference of Mayors; and United States Government Accountability Office. In addition, in initially appointing the members of the GASAC, the Board of Trustees shall seek an individual knowledgeable in the municipal bond rating process, an individual knowledgeable in underwriting government securities offerings, and a user of the financial reports of state and local governmental entities (such as a bank or insurance company investment officer). The foregoing list of organizations and backgrounds from which nominees for the GASAC will initially be invited shall not be deemed, in any way, to limit or fix the number, composition, or breadth of professional or occupational backgrounds of members of the GASAC, either in initial or subsequent appointments. The number, composition, and breadth of professional and occupational backgrounds of the members of the GASAC shall be determined by the Board of Trustees, in the exercise of its judgment, subject to the provisions of this *Section 1*.

*Section 2. Terms of Members.* Members of the GASAC shall be appointed for terms of two years expiring on December 31 in the second calendar year from the year of their election. Subject to the needs of the GASB, members of the GASAC shall ordinarily serve no more than three consecutive terms. Vacancies in unexpired terms of the GASAC members may be filled by persons appointed by the Board of Trustees, and shall be filled whenever necessary to maintain the membership of the GASAC at not less than twenty. Members of the GASAC shall serve without remuneration (except as may be otherwise determined by the Board of Trustees), but shall be reimbursed for such actual out-of-pocket expenses as they may reasonably request as members of the GASAC in accordance with Foundation policies. Membership on the GASAC shall be personal to the persons appointed thereto, and no member of the GASAC shall have any power of substitution or delegation of function as a GASAC member.

*Section 3. Functions of the GASAC.* The GASAC shall consult with the GASB concerning major technical issues, the GASB's agenda of projects and the assigning of priorities thereto, matters

likely to require the GASB's attention, the selection and organization of GASB task forces and other groups, and such other matters as may be requested by the GASB or its Chair. Members of the GASAC are expected to provide comments in respect of Exposure Drafts of Statements of Governmental Accounting Standards, discussion documents, proposed Technical Bulletins and other documents proposed for issuance by the GASB, as well as comments and other expressions of views on such other matters as may be referred to the GASAC or its members from time to time by the Chair of the GASAC or by the GASB or its Chair. Members of the GASAC are also expected to consider and provide comments on broader policy questions, such as whether an issue needs addressing, criteria for adding projects to the GASB's technical agenda, relative priorities of agenda projects, whether stakeholder views are being appropriately balanced, cost/benefit relationships, and due process considerations. The GASAC shall meet at such times and at such places as may be determined by or pursuant to its operating procedures or policies and, in any event, as often as deemed necessary or desirable by the Chair of the GASAC in order for the GASAC to perform its functions, and also when requested by the GASB or the GASB's Chair following consultation with the Chair of the GASAC. The minutes of public meetings of the GASAC and written comments of members of the GASAC in respect of Exposure Drafts of Statements of Governmental Accounting Standards, discussion documents, proposed Technical Bulletins and other documents proposed for issuance, as well as on broader policy questions and other matters as may be referred to the GASAC or any of its members, shall be publicly available.

*Section 4. Chair of the GASAC.* The Board of Trustees shall appoint, to serve at its pleasure, a Chair of the GASAC. The Chair of the GASAC shall be appointed to a term continuing through December 31 of the second full calendar year from commencement of such term (or such shorter period of time as may be agreed upon by the Board of Trustees at the time of appointment) and until a successor is appointed or until his or her earlier resignation or removal; provided, that if the Chair is appointed from among the then serving members of the GASAC, such member's initial term as Chair shall be coterminous with the expiration of his/her then current term as a member of the GASAC. The Chair shall be eligible to serve in such capacity for one or more additional terms as determined by the Board of Trustees; provided, that the aggregate of consecutive years for which an individual may be appointed to serve as Chair of the GASAC shall not exceed six (6) full calendar years. If, immediately prior to his or her appointment as Chair of the GASAC, the person so appointed had been a member of the GASAC by reason of his or her nomination by one of the organizations identified in *Section 1* of this Article, such person shall continue to be deemed to be the nominee of such organization throughout his or her term as Chair. For the purposes of this *Section 4*, a "full calendar year" shall refer to the period January 1 until December 31, and shall exclude for this purpose any partial calendar year that the Chair of the GASAC may have served during his or her initial term.

The duties of the Chair of the GASAC shall include the following:

1. The Chair shall be the principal officer of the GASAC and shall preside at its meetings.
2. The Chair shall be responsible to the Board of Trustees for implementing and directing the broad operating processes of the GASAC to assure the effective and timely communication of comments and views of members of the GASAC to the GASB.
3. The Chair shall prepare (following consultation with GASAC members and the GASB's Chair) short- and longer-range project plans for GASAC and transmit such plans to the GASB and the Board of Trustees.

4. The Chair shall prepare quarterly reports with respect to the activities of the GASAC for transmission to the Board of Trustees and the GASB.
5. The Chair shall provide input to the Chair of the GASB on the GASAC's budget as part of the GASB's annual budget process.
6. The Chair shall cooperate with the Chair of the GASB to accomplish the functions of the GASAC and to facilitate the work of the GASB.
7. In furtherance of the duties of the Chair, the Chair shall
  - a. guide discussion at the GASAC meetings so that comments and views can be presented effectively;
  - b. assure that the GASAC is prepared to discuss and consider effectively and in a timely manner technical and other issues on which it is consulted;
  - c. establish the GASAC's agenda and consult with the GASB's Chair as to the GASB's requirements in the planning of the GASAC's agenda and work;
  - d. on behalf of the GASAC and after drawing on the views of the GASAC members, advise the GASB or its Chair as to major technical issues, the GASB's agenda of projects and the assigning of priorities thereto, matters likely to require the GASB's attention, and such other matters as may be requested by the GASB or its Chair;
  - e. encourage the GASAC members to provide comments on standards of financial accounting and reporting proposed for issuance by the GASB, as well as on broader policy questions and such matters as may be referred to the GASAC or any of its members from time to time by the Chair or by the GASB or its Chair;
  - f. organize and appoint such committees or other groups of the GASAC members and others as the Chair deems appropriate; prepare operating procedures for the GASAC (following consultation with the GASAC members and the GASB's Chair) and, as the Chair may deem appropriate, for GASAC's committees and other groups, and submit operating procedures for the GASAC to the Board of Trustees for its approval; and
  - g. encourage the GASAC members to speak and write publicly with respect to the work of the GASB and the GASAC, in accordance with the policies of the Foundation and the GASB.
8. The Chair shall advise the Board of Trustees with regard to the representation of the GASB's stakeholders on the GASAC and the effectiveness of the GASAC members.
9. The Chair shall cause a record of the GASAC's proceedings to be maintained.

The Board of Trustees may, in its discretion, appoint, to serve at its pleasure, one or more members of the GASAC as Vice Chair or Vice Chairs of the GASAC, to exercise the powers and carry out the duties of the Chair in his or her absence or disability, and to perform such other duties and functions as may be determined by the Board of Trustees in consultation with the Chair of the GASAC.

*Section 5. Meetings Generally.* Regular and special meetings of the GASAC may be held either at the GASB's principal offices or elsewhere, at such time and place and with such notice as

shall be prescribed by or pursuant to the GASAC's operating procedures. Such operating procedures shall provide for public meetings, subject to such limitations and specifying such procedures as may be determined as advisable.

## **CHAPTER A, ARTICLE VI - AMENDMENTS TO CHAPTER A**

In addition to the powers conferred on the Members of the Foundation by operation of law and as set forth in Chapter B, Article III of the By-Laws to alter, amend, supplement or repeal the By-Laws, and subject to any contractual protections afforded by the Foundation to the Governmental Organizations from time to time in respect to procedures or conditions for amending certain provisions of these By-Laws affecting the rights, powers or interests of the Governmental Organizations under these By-Laws (all of which contractual protections, if any, shall be reduced to writing and made part of the Foundation's public record), Chapter A of these By-Laws may be altered, amended, supplemented, or repealed by the affirmative vote of two-thirds (2/3) of Trustees then in office at any regular or special meeting of the Board of Trustees for which notice of such alteration, amendment, supplement, or repeal is contained in the notice of such meeting. In the case of any conflict between any provision of Chapter A of these By-Laws with any provision of Chapter B of these By-Laws, the provisions contained in Chapter A shall prevail.

## **CHAPTER B, ARTICLE I - OFFICES**

*Section 1. Registered Office.* The location of the registered office of the Foundation in the State of Delaware shall be determined from time to time by the Board of Trustees.

*Section 2. Other Offices.* The principal office or offices of the Foundation, the FASB, and the GASB shall be determined from time to time by the Board of Trustees. The Foundation, the FASB, and the GASB may also each have offices at such other places both within and without the State of Delaware as the Board of Trustees may from time to time determine.

## **CHAPTER B, ARTICLE II - MEETINGS OF THE BOARD OF TRUSTEES**

*Section 1. Meetings Generally.* The Board of Trustees may hold regular and special meetings either within or without the State of Delaware. Minutes of the public portions of meetings of the full Board of Trustees, and written consents in lieu thereof, shall constitute a portion of the public record of the Foundation. Such meetings shall be open to the public, subject to such limitations and involving such procedures as may be determined by the Board of Trustees, the Chair of the Board of Trustees, or the President of the Foundation, as advisable.

*Section 2. Regular Meetings.* Regular meetings of the Board of Trustees may be held without notice at such time and place as shall from time to time be determined by the Board of Trustees.

*Section 3. Special Meetings.* Special meetings of the Board of Trustees may be called by the Chair of the Board of Trustees, or jointly by any four Trustees, on at least 72 hours' notice to each Trustee. Special meetings shall be called by the Chair of the Board of Trustees on like notice at the written request of a majority of the Trustees then serving.

*Section 4. Quorum; Adjourned Meetings.* At all meetings of the Board of Trustees, a majority of Trustees (i.e., the number of Trustees constituting a majority of the full Board of Trustees, including any vacancies) shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board of Trustees, the Trustees present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present.

*Section 5. Voting Requirements Generally.* Except as may be otherwise specifically required by statute or as specifically provided by the Certificate of Incorporation or these By-Laws, a majority of Trustees in office shall be required to approve any action at any meeting. Each Trustee shall have one vote on each matter presented to the Board of Trustees for its action.

*Section 6. Action without Meeting.* Unless otherwise required by statute or the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Trustees or any committee thereof may be taken without a meeting, if all Trustees or members of the committee consent thereto in writing or by electronic transmission or transmissions and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Trustees or committee.

## **CHAPTER B, ARTICLE III - MEETINGS OF MEMBERS**

*Section 1. Meetings.* The meetings of Members of the Foundation may be held either within or without the State of Delaware. The Members of the Foundation shall hold at least one meeting each year. In addition to such other business as may come before the meeting of the Members of the Foundation, the Members shall elect new Trustees to fill the vacancies to be created by the expiration of the terms of Trustees whose terms will be expiring at the end of the calendar year in which the meeting of Members is held, or whose terms expired at the end of the preceding calendar year and whose successors had not been elected. At such meeting, the Members may also elect new Trustees to fill any other vacancies. The date, time, and place of such meeting shall be as specified in the notice of such meeting. Other meetings of the Members may be held from time to time on such dates and at such times and places as shall be specified in the notice of any such meeting and shall be so called by the Chair of the Board of Trustees or at his or her direction or on the written request of five or more Members of the Foundation.

*Section 2. Notice of Meetings.* Notice of any meeting of Members of the Foundation shall be given to the Members not less than ten (10) nor more than sixty (60) days prior to the date of such meeting.

*Section 3. Quorum; Adjourned Meetings.* At all meetings of the Members of the Foundation, a simple majority of the Members, present or represented by proxy, shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Members, the Members present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present.

*Section 4. Voting Requirements Generally.* Except as may be otherwise specifically required by the laws of the State of Delaware or as specifically provided by the Certificate of Incorporation or these By-Laws, a majority of Members of the Foundation shall be required to approve any action of the Members of the Foundation. Each Member shall have one vote on each matter presented to the Members for their action. Notwithstanding any provision of these By-Laws to the contrary, and subject to any contractual protections afforded by the Foundation to the Governmental Organizations from time to time in respect to procedures or conditions for amending certain provisions of these By-Laws affecting the rights, powers or interests of Governmental Organizations under these By-Laws (all of which contractual protections, if any, shall be reduced to writing and made part of the Foundation's public record), the act of no less than (a) two-thirds (2/3) of all Members of the Foundation shall be required for the Members to alter, amend, supplement, or repeal Chapter A or this Article III of Chapter B of these By-Laws, and (b) a simple majority of all Members of the Foundation shall be required for Members to alter, amend, supplement, or repeal Chapter B (other than this Article III) of these By-Laws.

*Section 5. Action without Meeting.* Unless otherwise provided by statute or the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Members of the Foundation may be taken without a meeting and without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a

meeting at which all Members having a right to vote thereon were present and voted, and such writing or writings are filed with the minutes of the proceedings of the Members. Every written consent shall bear the date of signature of each Member who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered to the Foundation, written consents signed by a sufficient number of Members to take action are delivered to the Foundation. An electronic transmission consenting to an action to be taken shall be deemed to be written, signed and dated by the Member, provided that any such transmission sets forth or is delivered with information from which the Foundation can determine the transmission was transmitted by the Member or by a person or persons authorized to act for the Member and the date upon which such Member or authorized person or persons transmitted such transmission to the Foundation.

## **CHAPTER B, ARTICLE IV - NOTICES**

*Section 1. Generally.* Whenever notice is required to be given to any person, personal notice shall not be required, and notice may be given in writing, addressed to such person at his or her address as it appears on the records of the Foundation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to any person may also be given by any other means permitted by statute.

*Section 2. Waiver.* Whenever any notice is required to be given to any person, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when such person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in any written waiver of notice unless otherwise specifically provided by statute, the Certificate of Incorporation, or these By-Laws.

## **CHAPTER B, ARTICLE V - OFFICERS AND STAFF**

*Section 1. Principal Officers of the Foundation.* The principal officers of the Foundation shall be the Chair of the Board of Trustees, a President, a Secretary, and a Treasurer. The Chair of the Board of Trustees shall be the Chairman Trustee in accordance with the Certificate of Incorporation. The principal officers of the Foundation may also include one or more Vice Chairs of the Board of Trustees. The Chair and each Vice Chair of the Board of Trustees shall be appointed from among the Trustees. Other than the Chair and Vice Chairs of the Board of Trustees, the officers may, but need not, be appointed from among the Trustees. The officers of the Foundation shall be appointed by the Board of Trustees and, except for the Chair of the Board of Trustees, shall serve at the pleasure of the Board of Trustees.

*Section 2. Chair and Vice Chairs.* The Chair of the Board of Trustees shall possess such powers and duties as normally pertain to a non-executive Chair and as may be conferred from time to time by the Board of Trustees. The Chair shall preside at all meetings of, and report and be responsible to, the Board of Trustees. Each Vice Chair of the Board of Trustees shall be authorized to exercise the powers and carry out the duties of the Chair of the Board of Trustees in his or her

absence or disability, and to perform such other duties and functions as may be determined from time to time by the Board of Trustees in consultation with the Chair of the Board of Trustees. The compensation of the Chair and the Vice Chairs of the Board of Trustees shall be set by the Board of Trustees.

*Section 3. President; Vice Presidents.* The President shall be the principal executive officer of the Foundation, with such powers and duties as normally pertain to such office and as may be conferred from time to time by the Board of Trustees. The compensation of the President shall be set by the Board of Trustees. The President shall report and be responsible to the Board of Trustees in respect of the day-to-day management and operation of the Foundation and the administrative policies and corresponding procedures for the Foundation, the FASB, the GASB, the FASAC, the GASAC, and the staffs, task forces, committees, and groups thereof, and shall have such other duties as may be prescribed by the Board of Trustees. The President shall have the authority to hire and retain personnel performing operational, administrative or other functions (other than relating to the standard-setting functions of the FASB or the GASB), to fix their duties and the amount of their salaries and other compensation in accordance with Foundation policies, and to appoint and contract with any persons or organizations with respect to operational, administrative or other activities (other than relating to the standard-setting functions of the FASB or the GASB) and services to be performed by them as consultants or independent contractors. The President shall not be retained or appointed from among the Trustees, and shall serve at the pleasure of the Board of Trustees. The Board of Trustees may appoint one or more Vice Presidents to exercise the powers and carry out the duties of the President in his or her absence or disability, and to perform such other duties and functions as may be determined from time to time by the President.

*Section 4. Secretary.* The Secretary shall have responsibility for recording the proceedings of the Board of Trustees in a book to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the Board of Trustees for which notice is required, and shall perform such other duties as may be prescribed by the Board of Trustees or the Chair. The Secretary shall have custody of the corporate seal of the Foundation and shall have authority to affix the same to any instrument requiring it and, when so affixed, it may be attested by the signature of the Secretary. The Board of Trustees may give general authority to any other officer to affix the seal of the Foundation and to attest such affixing by his or her signature.

*Section 5. Treasurer.* The Treasurer shall have responsibility for the custody of the Foundation's funds and securities, the maintenance of the Foundation's books of account, and the deposit of moneys and other valuable effects in the name and to the credit of the Foundation in such depositories as may be designated by the Board of Trustees or the President. The Treasurer shall be responsible for disbursing the funds of the Foundation, and shall render to the President and to the Board of Trustees at its regular meetings (or otherwise when they so require) accounts of the results of operations and financial position of the Foundation.

*Section 6. Other Officers of the Foundation.* The Board of Trustees may appoint other officers of the Foundation, including one or more persons to serve as an Assistant Secretary and/or an Assistant Treasurer and to exercise the powers and carry out the duties of the Secretary or the Treasurer, respectively, in their absence or disability or under their direction. Such officers may, but

need not, be appointed from among the Trustees, and shall serve at the pleasure of the Board of Trustees.

*Section 7. Execution of Documents.* All deeds, mortgages, bonds, contracts, reports, and other instruments may be executed on behalf of the Foundation by the President or by any other officer or individual authorized to take such action, whether by statute, the Certificate of Incorporation, these By-Laws, or a general or specific authorization of the Board of Trustees, including the Chair of the Board of Trustees, the Chair of the FASB, the Chair of the GASB, members of the Foundation staff authorized by the President, and members of the FASB or the GASB staffs so authorized by their respective Chairs with the concurrence of the Board of Trustees.

*Section 8. Reports.* The Chair of the Board of Trustees shall report annually with respect to the activities of the Foundation, including its oversight activities, and the Board of Trustees' evaluation of the FASB's and the GASB's performance within the context of their respective mission statements, which report, to the extent determined by the Board of Trustees, shall constitute part of the public record of the Foundation.

## **CHAPTER B, ARTICLE VI - GENERAL PROVISIONS**

*Section 1. Fiscal Year.* The fiscal year of the Foundation shall begin on the first day of January and end on the thirty-first day of the following December.

*Section 2. Seal.* The corporate seal shall have inscribed thereon the name of the Foundation, the year of its organization, and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed, affixed, or otherwise reproduced.

*Section 3. Indemnification.* The Foundation shall have the power to indemnify to the full extent authorized by the laws of the State of Delaware any person made or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a Member, Trustee, officer, employee, or agent of the Foundation or is or was serving at the request of the Foundation as a director, trustee, officer, employee, or agent of any other enterprise. For purposes of this *Section 3*, the Foundation shall include the FASB, the GASB, the FASAC, and the GASAC, and the members, officers, employees, and agents thereof, including task forces, shall be deemed officers, employees, or agents, as the case may be, of the Foundation.

Without limiting the generality of the foregoing, the Foundation may contract for insurance against all or a portion of any liabilities and expenses, if any, resulting from the indemnification of any of the foregoing persons pursuant to this *Section 3* or otherwise as permitted by the laws of the State of Delaware, and may also contract for insurance directly insuring any or all of such persons against liabilities and expenses.

## **CHAPTER B, ARTICLE VII - FINANCES**

*Section 1. Funds.* The funds necessary to conduct the business of the Foundation may be provided through business operations of the Foundation, funding provided through federal, state

and/or local legislation, or as otherwise determined by the Board of Trustees, subject to the applicable provisions of the Certificate of Incorporation.

*Section 2. Audit.* The Board of Trustees shall, for each fiscal year, appoint a firm of independent certified public accountants to express an opinion on the financial statements of the Foundation and its affiliates, if any, and such financial statements and the report of the firm of independent certified public accountants thereon shall be submitted annually to the Board of Trustees, which financial statements and report shall constitute part of the public record of the Foundation.

## **CHAPTER B, ARTICLE VIII - INTERESTED TRUSTEES OR OFFICERS**

No contract or transaction between the Foundation and one or more of its Trustees or officers, or between the Foundation and any other corporation, partnership, association, or other organization in which one or more of its Trustees or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Trustee or officer is present at or participates in the meeting of the Board of Trustees or committee which authorizes the contract or transaction, or solely because such Trustee's or officer's votes are counted for such purpose, if:

1. The material facts as to the Trustee's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Trustees or the committee and the Board of Trustees or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Trustees, even though the disinterested Trustees be less than a quorum; or
2. The contract or transaction is fair as to the Foundation as of the time it is authorized, approved, or ratified, by the Board of Trustees or committee.

Common or interested Trustees may be counted in determining the presence of a quorum at a meeting of the Board of Trustees or of a committee which authorizes the contract or transaction.

## **CHAPTER B, ARTICLE IX - AMENDMENTS TO CHAPTER B**

In addition to the powers conferred on the Members by the laws of the State of Delaware and as set forth in this Chapter B to alter, amend, supplement or repeal these By-Laws, Chapter B of these By-Laws may be altered, amended, supplemented, or repealed by the affirmative vote of a majority of Trustees then in office at any regular or special meeting of the Board of Trustees for which notice of such alteration, amendment, supplement, or repeal is contained in the notice of such meeting; provided, however, that the affirmative vote of two-thirds (2/3) of the Trustees then in office shall be required for the Board of Trustees to alter, amend, supplement, or repeal Article III of this Chapter B.