

**California Society of Certified Public Accountants  
2004 Annual Members Business Meeting  
Minutes**

**Action Items**

- The minutes of the 2003 Annual Members Business Meeting were approved unanimously.
- The members voted to approve the proposed changes to The Articles of Incorporation.
- Bylaws item #1 carried 403 to 18-Nonpayment of Dues
- Bylaws item #2 carried 324 to 98 –Amendment by CPA members
- Bylaws item #3 carried 396 to 28-Appoint and Nominate of AICPA Representatives

**Welcome**

Steve Wimmers called meeting to order at approximately 10 a.m. He introduced and recognized the past CalCPA presidents and chairs in attendance.

Wimmers established that there was a quorum and called for a vote to approve the minutes of the 2003 Annual Members Business Meeting. The motion carried unanimously.

**Outgoing Chair's Report**

Wimmers delivered his outgoing chair's report. He noted that CalCPA recently established a building fund and added that by 2009 CalCPA would like to purchase a building. He reflected on how quickly the financial literacy initiative took off after its unveiling last July and recognized the contributions of Michael Eisenberg, Financial Literacy Committee chair as well as the enthusiasm and support of the greater membership. Wimmers reported that CPA-PAC participation by CalCPA leaders has increased and that fiscal year contributions to date were at \$182,000, a more than 80 percent increase over the preceding year. He noted that the Education Foundation and CalCPA have increased collaboration over this past year including increased CPE tracking and the foundation's \$25,000 contribution to CalCPA's financial literacy initiative. In the area of diversity, Wimmers noted that the effort is ongoing and that CalCPA is making strides and in 2005 will elect its first Asian-American chair. Wimmers noted that CalCPA has formed several new committees, Bylaws, Financial Literacy, Members in Industry and Leadership Development, as well as task forces on pension plan audits and CPE for industry members. In closing, Wimmers said that his year as chair has been a privilege and honor, the highlight of professional career.

**Treasurer's Report**

Nancy Wheeler-Chandler presented the treasurer's report. She noted that CalCPA is in a good financial position thanks to continued cost cutting and membership building. Other highlights from FY04 include the formation of CalCPA Institute, a supporting 501(c)(3); enhancing the 401(k) plan to replace the frozen defined benefit pension plan; and designating \$2 million of the fund balance as a building fund.

### **Secretary's Report**

Susan Waters delivered her secretary's report. She noted the important role of leadership at CalCPA. She reported that with the addition of four statewide committees and two task forces has added an increase in activity and she recognized the professional staff for their efforts.

### **Bylaws Committee Report**

Jeff Cox from Stewart Archibald & Barney LLP reported that the Las Vegas-based firm had been engaged to count proxies for CalCPA and control ballot distribution. He reported that they received 225 Type 1 proxies prior to the meeting and that 15 were disqualified. He added that they had received 18 Type 2 proxies, and three were disqualified. Cox said they would report the vote results from those proxies to David George.

Greg Burke, Bylaws Committee chair, reviewed the committee's responsibilities and the bylaws amendments individually before each vote was cast. The first vote was for, Item #1 Proposal to Approve the Bylaw Changes to Article II—Nonpayment of Dues. He noted that the proposal unanimously passed the Bylaws Committee and was passed by Council in January. Members voted by ballot.

Burke reviewed Item #2 Proposal for Amendments by CPA Members, voting on amendments at annual meeting or special meeting voting on amendments by ballot, and discussion followed. Following a call for the question, members voted by ballot.

Burke reviewed Item #3, Proposal to Approve Bylaw Changes to Article XIV—Appointment and Nomination of AICPA Representatives, and a ballot vote followed.

### **Vote on Articles of Incorporation**

Steve Wimmers introduced changes The Amendments to the Article of Incorporation are as follows:

- Remove "The" From the organization's name;
- Eliminate the location for CalCPA offices; and
- Eliminated the exact number of directors or trustees, which will now be determined by CalCPA Bylaws.

Wimmers noted that these changes had been approved CalCPA's Board of Directors and Council. The members voted to approve the changes to The Articles of Incorporation.

### **Nominations Committee Report**

Don Gurse delivered the Nominations Committee report announcing the new CalCPA officers: Chair D. Paul Regan; First Vice Chair Christopher T. Yahng; Treasurer David Cieslak; and Immediate Past Chair Steve Wimmers. Vice chairs for 2004-06 are Marc Parkinson and Dennis Young. Council members at large for 2004-06 are Loretta Doon, Mitchell Freedman and Steve Kramer. Paul Regan's two-year appointee to the board is Joan Alleckson. Lou Savett is the Education Foundation president for 2004-05. AICPA Council representatives from October 2004-06 are John Costello, Mary Lou Robken and Christopher Yahng. One-year appointee to AICPA Council is D. Paul Regan.

Gursey also reported that Steve Wimmers has been appointed as a member of the AICPA Board of Directors from October 2004-07.

### **Installation of new chair**

Steve Wimmers introduced new CalCPA Chair D. Paul Regan. Paul thanked Steve Wimmers for his work as chair. He reflected that we look for leaders who share our core values and he noted that Steve has made good decisions based on our core values. Regan shared some background information about himself, his family and firm as well as his community and professional involvement. Regan discussed the importance of CalCPA and its members' relationship with the AICPA, he noted the tremendous role Litigation Sections members play in AICPA litigation projects. Regan then discussed the profession in-depth noting the CPA's role as trusted adviser and public protector. He stressed the need for the profession to continue to emphasize its core values as well as to work together with all stakeholders in financial reporting. To this end, Regan suggested that to create and maintain a corporate culture of honesty and high ethics requires that CPAs with active licenses have a significant role in the preparation of public company financial statements. In discussing other goals for the year, Regan recognized CalCPA's national leadership in financial literacy and added that CalCPA will continue to enhance the financial literacy of Californians. He spoke of ensuring CalCPA's success by continuing legislative and regulatory advocacy, enhancing the profession's image through adherence to core values and financial literacy efforts, offering CPE and networking opportunities and recruiting students and teachers to the profession.

### **Voting Results**

David George, past chair of CalCPA, explained voting procedures by proxy and paper ballot and announced the results of the voting on the bylaw proposals:

- Bylaws item #1 carried 403 to 18
- Bylaws item #2 carried 324 to 98
- Bylaws item #3 carried 396 to 28

The 2004 Annual Members Business Meeting adjourned at approximately 12 p.m.

**California Society of Certified Public Accountants  
Council Meeting  
Minutes**

Friday, -Saturday  
July 16-17, 2004

Caesars Palace  
Las Vegas, Nevada

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**Council Members:**

**D. Paul Regan, Chair**

Joan Alleckson  
Tim Anderson  
Susan Bradley  
Geoff Bremer  
Joe Bunker  
Gregory Burke  
Janice Carr  
Gale Case  
David Cieslak  
Andrea Cope  
Robert Cole  
Thomas Dalton  
Mark Dauberman  
John DiCarlo  
Loretta Doon  
Curt Eakin  
Marie Ebersbacher  
Michael Eisenberg  
Michael Eulau  
Perry Forschino  
Mark Fowler  
Joel Framson  
Mitchell Freedman  
David George  
Timothy Good  
Karen Goodfriend  
Brewster Gray  
Donald Gursey  
Marcia Hein  
Linda Heineman  
Paul Herrerias  
Margaret Hesse  
Vanessa Hill  
Fausto Hinojosa  
Nai Hwang  
Glenn Imke  
Robert Jones  
Eduardo Jordan

James Kennedy  
Michael Klarin  
Joseph Kovar  
Steven Kramer  
James Kuhn  
Joseph Lanza  
Henry Levy  
Teresa Mason  
Sandra McNeil  
John McWilliams  
Ted Mitchell  
Daniel Morris  
Robert Nilssen  
Marc Parkinson  
Robert Peck  
Chad Porter  
Wendy Richards  
Marylou Robken  
Stu Robken  
Patrick Rogan  
Barbara Rosenbaum  
Larry Russell  
Jerry Sample  
Diana Sanderson  
Martin Seiden  
Jeanne Shannon  
Lisa Silva  
Joseph St. Angelo  
Roger Stroud  
Daniel Thomas  
Michael Ueltzen  
Thomas Vermeulen  
Kendall Wheeler  
Nancy Wheeler-Chandler  
Steven Wimmers  
Leonard Wright  
Christopher Yahng  
Dennis Young

**Past Chairs Present-Voting**

Gale Case  
David George  
Donald Gursej  
James Kuhn

Diana Sanderson  
Michael Ueltzen  
Nancy Wheeler-Chandler  
Steven Wimmers

**AICPA California Delegation Present:**

John Costello  
Loretta Doon  
David George  
Katherine Leonard  
Bryan Polster  
D. Paul Regan

Marylou Robken  
Kendall Wheeler  
Nancy Wheeler-Chandler  
Steve Wimmers  
Christopher Yahng

**Education Foundation Trustees Present:**

Patricia Cochran  
Loretta Doon  
Melissa Fortune  
Elliott Kajan  
Pam Kelty

Louis Savett  
Thad Scott  
Chris Yahng  
Katherine Wright  
Susan Waters

**Parliamentarian:**

Bob Peck

**Staff Present:**

Susan Waters  
Bruce Allen  
John Angelo  
Vince Chin  
Sara Cleary  
John Dunleavy  
Judy Graziani  
Gary Hammond  
Julie Jameson  
Susan Klein

Donna Lekosky  
Barbara Maciel  
Linda McCrone  
Lisa McTaggart  
Terry McVeigh  
Maria Nazario  
John Phillips  
Clar Rosso  
Sarah St. Charles

**Guests:**

Gary Barnhart  
Robert Chandler  
Adrian Cole  
Pat Crelan  
Andrew Katzenstein  
Kenny Lee  
John levy  
Brett Mansfield

Stuart Olsen  
Mel Ozur  
Daniel Ray  
Sheldon Siegel  
Keith Slotter  
Sharon Ulthoven  
Marc Wolf

### **Action Items**

- Consent agenda passed unanimously
- Unanimously approved the FY05 budget
- Unanimously approved the Audit Committee report for the 2003-04 audited financial statements.
- Council approved a resolution to nominate John A. Dodsworth, Charles H. Gielow, Jr., Nai Hwang and L. Brian Rush to be named on the 2004 Group Insurance Trustee election ballot as CalCPA nominees for the three-year term commencing on January 1, 2005.
- Council approved a motion to appoint Pat Spafford to the Peer Review Administrative Committee for the 2004–06 term.

### **Nominations for Council Representatives**

Paul Regan announced the nominations process for council representatives to the CalCPA Board of Directors.

### **Consent Agenda**

Regan, directed the council to the items on the consent agenda. The motion to approve the consent agenda passed unanimously.

### **Chair Report**

Regan individually recognized CalCPA's state committee chairs.

### **Treasurer's Report**

Nancy Wheeler-Chandler presented the treasurer's report. She noted that CalCPA has out performed its budget for the fifth consecutive year, experiencing an increase in net assets of \$2.3 million. She noted that in FY04, chapters contributed \$254,000 to scholarships, that the financial literacy initiative launched, supported by the contingency fund, and that CalCPA Institute was formed. Wheeler-Chandler reviewed 2004-05 budget guidelines, along with specific items in the 2004-05 budget and in FY04 actuals. The council unanimously approved the FY05 budget.

### **Audit Committee Report**

Marcia Hein presented the Audit Committee report and directed the council to the draft financial statements in the packet as well as the final financial statements available as a handout. She noted that the main difference between the two versions was a change to Note 11 regarding the statement of financial position. The FY04 annual report received an unqualified opinion from the auditors, no audit adjustments, no reportable conditions and no material weaknesses. Hein reviewed the items discussed as part of the required communications with the auditor. This included a discussion of CPA-PAC, which according to SOP 94-3 is considered immaterial for FY04. She reported no disagreements with management and shared the following auditor observations and recommendations: that CalCPA is unlikely to be able to continue its positive financial results in the future without increasing dues, membership or non-dues revenue, include CPA-PAC and

CalCPA Institute in audited financial statements; present audited financial statements on a consolidated (rather than consolidating) basis.

Hein announced that the Audit Committee was initiating an RFP process for audit and tax services and it would make a recommendation at the January 2005 Council meeting. She added that members should contact Donna Lekosky for a copy of the RFP.

The council passed a motion to approve the Audit Committee report for the 2003–04 audited financial statements.

Council recessed at 2:37 p.m, for the California CPA Education Foundation annual meeting

### **Education Foundation Annual Meeting Report**

Board President, Loretta Doon, called the Foundation Annual Meeting to order. Loretta reviewed the Foundation Accomplishments for the year as well as the financial results.

The Foundation had another successful year with a year-end positive result of \$383,233. The total attendance for the year was just short of 50,000 registrations with a total of 49,815.

Loretta highlighted the team’s accomplishments:

- Reached over \$10 million in revenue
- Improved overall evaluation and satisfaction with courses and conferences to a 4.3 (5 being the highest)
- Provided 8 hour CPE classes to all chapters to increase scholarship revenue
- Announced that Foundation changed investment advisors from Smith Barney to the Savant Group from Sacramento

Loretta introduced the members of the Trustees that were at the meeting. Thirteen out of fifteen Trustees were present.

Paul Regan, former President of the Foundation Board of Trustees presented the new slate of officers and trustees. A motion to accept the nominations report was approved.

President:	Louis Savett
First Vice President:	Beverly Brautigam
Vice President:	Patricia Cochran
Treasurer:	David Primes

Trustees (04-06):	Melissa Fortune Zafar Iqbal Pamela Kelty
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Thad Scott  
Peggy Ugent

In closing, Loretta recognized Laura Kauls for her seven years of service to the Board of Trustees.

Loretta turned the meeting over to Lou Savett, the newly elected President. Lou thanked Loretta for an excellent year as President and looked forward to her contribution as Past President.

Lou then conducted an election for a council member to serve on the Foundation Leadership & Nominations Committee. Bob Peck, OC/LB Chapter was nominated and approved to serve a 2-year term.

Thad Scott, Foundation Vice President, presented the Foundation awards to the following:

**Instructor Excellence: Ronald J. Baker**  
**Meritorious Service: Gary R. McBride**  
**Outstanding Conference Volunteer: Jonathan A. Karp**  
**Outstanding Conference Speaker: Andrew M. Katzenstein**  
**Lifetime Achievement Award: Jerry A. Kasner**

Lou Savett presented a service award plaque to Marc Parkinson for seven years of service as Trustee and for serving as Past President of the Board of Trustees.

Lou Savett outlined his expectations and major activities for the coming year. Lou expects that the Foundation still can offer high quality CPE at a reasonable cost and will seek to develop even better quality programs.

Lou stated that the Foundation would do the following in the coming year:

- Develop on-line CPE programs, which will meet NASBA interactive regulation by January 2005.
- Offer one free 8-hour CPE class to every chapter with materials and instructor costs included at no charge.
- Offer one 8-hour class to all first time CalCPA members.
- Sponsor two doctoral grants beginning this year and continuing for three years (\$60,000 cost for all three years).
- Assist CalCPA in studying CPE requirement for members in industry.

- Develop new generation of instructors and identify classes and conferences, which are relevant to the profession.

Lou concluded his remarks by thanking the Council Members for electing him to serve as President of the Foundation Board of Trustees.

The Council meeting resumed at 3:44 p.m.

### **CEO Goals and Performance Committee Report**

Steve Wimmers presented the CEO Goals and Performance Committee Report he reviewed the committee's charge, committee members and the review process. The committee met in April and reviewed performance and set goals for the coming year as well as set compensation.

### **Group Insurance Trust Report**

Gale Case presented the Group Insurance Trust report, Case provided background on the trust and reviewed the nominee selection process for GIT trustees. He highlighted the experience/credentials of the four nominees to the GIT John Dodsworth, Chuck Gielow, Nai Hwang and Brian Rush. Council approved a resolution to nominate John A. Dodsworth, Charles H. Gielow, Jr., Nai Hwang and L. Brian Rush to be named on the 2004 Group Insurance Trustee election ballot as CalCPA nominees for the three-year term commencing on January 1, 2005.

John Phillips presented GIT 2003-04 operating results.

### **Peer Review Report**

Jim Kennedy gave the peer review report. He recognized the tremendous contributions and talent of Peer Review Committee members and Director of Technical Services Linda McCrone. Kennedy reviewed changes to AICPA peer review standards that will be effective Jan. 1, 2005. He reported that the peer review board has attempted to give definition to term "substandard," and that changes are on the horizon. Council approved a motion to appoint Pat Spafford to Peer Review Administrative Committee for the 2004-06 term.

### **Facilities Task Force Report**

Paul Regan presented the Facilities Task Force report. The task force met July 1 and determined that CalCPA still holds a substantial lease obligation that would be problematic to get out of. CalCPA has established a building fund. GIT is prohibited from owning property but can be a tenant at market rate rent. Education Foundation is interested in a potential purchase of a building and will discuss it with foundation leadership. CAMICO would consider leasing space or possibly being a co-owner. Next steps include determining how much space each entity would require along with determining if the Education Foundation and CAMICO would participate as an owner or tenant? And, if a tenant, how long of a commitment can be anticipated?

### **Financial Literacy Report**

Michael Eisenberg reported on the activities of the Financial Literacy Committee. He noted the committee's progress over the past year including three Dollars & Sense events and CalCPA/Junior Achievement Day. Eisenberg added that the success of CalCPA /JA in Los Angeles has encouraged the committee to expand its collaboration with JA statewide. He noted that the Legislature declared April 2004 Financial Literacy Month in California and that many communities in California followed suit. Eisenberg played a 60-second radio ad for the group that promotes CalCPA's initiative and aired in April. Finally, he noted that the AICPA announced its national financial literacy initiative in May and that the committee has identified local financial literacy champions for every chapter.

Adjourned for the day

Saturday

### **Communications Report**

Mitchell Freedman presented the communications report. He presented CalCPA's new student video on CPA careers. He reported that Web traffic is up, e-newsletters are being opened at rates higher than the industry average and that in FY04 *California CPA* turned a profit. Freedman noted that CalCPA's content management system will roll out in mid-August. And that classified advertising revenue in May and June was 40 percent of all last year. High school outreach program, distributed 17,000 copies of *Quest* since last July, made 80 classroom visits and reached almost 2,000 students. Freedman recognized the contributions of Bill Spaniel in increasing CPA media placements and showed a highlight tape of FY04 media placements.

### **CEO Report**

Susan Waters presented her CEO report. She reminded the group of the importance of keeping CalCPA focused on its strategic areas of focus: Strengthening our profession, ensuring our members' success and ensuring CalCPA's success.

### **Election results**

Mark Dauberman and Janice Carr were elected to two-year terms (2004-06) as council representatives to the CalCPA Board of Directors.

### **Member Relations Report**

John Angelo directed the group to the council packet that includes an example of a new membership marketing piece, which highlights local benefits of membership. He noted that almost 65 percent of active licensees in California are members and 21 percent of inactive licensees, a category that includes retirees. He reported that Terry McVeigh works with CalCPA's sister entities to target marketing to nonmembers. Angelo noted that statewide, via the Education Foundation program of a free course for every chapter, chapters raised \$76,987 for scholarship funds. He reviewed CalCPA's affinity program, including recent affinity partner, ADP.

Maria Nazario reported that the 2004 MAP Survey has launched. Again this year, our partnership with the California CPA Education Foundation will allow all members to participate for free in the survey and get the results.

John recognized member efforts regarding membership, the increasing awareness of the importance of membership benefits and the work of Terry McVeigh and the strides he has made over the past year. Angelo also reported that chapter presidents were focusing on membership development and have included the topic in their *Bulletin* columns. He went on to recognize that chapters have built strong leadership teams that are offering valuable chapter programs that are drawing increased attendance.

Angelo also noted the tremendous contributions of the member relations team, Vince Chin, Susan Klein, Gary Hammond and Maria Nazario. He also recognized Chin for having recently earned the CAE certification.

### **Nominations Committee Report**

David George gave the Nominations Committee report. He reviewed the nominations process and introduced members of the Nominations Committee. George reviewed the schedule for FY06 nominations.

### **Government Relations Report**

Michael Ueltzen reported on government relations activities. He noted three new California Board of Accountancy members David Schwartz, Don Driftmier and Sarah Heinz. He said that the CBA has an expectation of providing increased oversight of the profession, but that the resources to conduct that oversight are not available. Ueltzen told the group to expect legislation and activity in the area of outsourcing. Ueltzen noted that CalCPA testified during the CBA sunset hearing and that issues of note included flexible funding of large-scale investigations, hiring and retaining sufficient staff and increased flexibility for assessing larger fines. The CBA wants the ability to levy fines for up to \$5 million for violations.

Other regulatory issues of note include: implementation of mandatory peer review has been delayed to 2006; current CBA regs require written disclosure of outsourcing; and the CBA is pursuing legislation related to Sec. 23 and interstate practice, basically requiring CPAs who practice in California to register with the CBA

Bruce Allen reported to the group the status of various bills moving through the Legislature. He reported that CalCPA is sponsoring legislation that will clarify the issue of school district auditor rotation. Ortiz, special district bill included scope of services restrictions. CalCPA is also supporting a bill that would delay penalties related to mandatory e-filing, as well as a bill that would extend taxpayer privilege as it relates to the FTB. Allen reported that CalCPA was involved in having several bills amended or stopped earlier this year including bills on nonprofit audits and elder abuse reporting.

Finally, Allen noted that the California performance review — could combine tax agencies or get rid of Department of Consumer Affairs and make the CBA a bureau — CalCPA is watching developments in this area.

**CPA-PAC Report**

Don Gursey reported on CPA-PAC activities. He reviewed election-year activities and noted that the \$182,000 raised this fiscal year so far is more than CPA-PAC has ever raised before. Gursey thanked Steve Wimmers for making CPA-PAC a priority.

The day ended with a presentation from FBI special agent in charge of the Sacramento Office, Keith Slotter.

**COUNCIL REPRESENTATIVES TO THE  
BOARD OF DIRECTORS  
2 year term ~ 2004-06**

**NOMINEES**

**Vote for up to 2 from the list**

- Greg Burke - Sacramento**
- Janice Carr - Central Coast**
- Mark Dauberman - Los Angeles**
- Michael Klarin - Orange County/Long Beach**
- Steve Kramer - San Diego**
- Andy Mintzer - Los Angeles**
- Jerry Sample - San Francisco**



Only voting council members are eligible to cast a vote.  
Voting members are identified by a colored dot on their name badge.



**Cast your vote**

**Date: Friday, July 16, 2004**

**COUNCIL REPRESENTATIVES TO THE  
BOARD OF DIRECTORS  
2 yr term ~ 2004-06**

**Election**

**Results**

Janice Carr – Central Coast

Chapter

Mark Dauberman – Los Angeles

at .



California  
Society  
Certified  
Public  
Accountants

**Congratulations!**

**Date: 7-16-04**



California Certified Public  
Society Accountants

## Motion Form

*Date:* July 16, 2004

*Motion: We move that the 15 month budget for the period May 1, 2005 through July 31, 2005 and 2004-05 capital budget recommended by the Finance Committee and approved by the Board be adopted.*

*Maker:* Finance Committee  
*Second:* N/A