

**California Society of Certified Public Accountants
Council Meeting
Huntington Beach, CA
Minutes**

Friday-Saturday
January 21-22, 2005

Hilton Waterfront Beach Resort
Huntington Beach, CA

Council Members:

D. Paul Regan, Chair

Joan Alleckson
Tim Anderson
John Benson
Geoff Bremer
Joe Bunker
Gregory Burke
Janice Carr
Gale Case
David Cieslak
Andrea Cope
Robert Cote
Thomas Dalton
Mark Dauberman
Loretta Doon
Curtis Eakin
Michael Eisenberg
Michael Eulau
James Fastovsky
Gary Finkel
Perry Forschino
Mark Fowler
Joel Framson
Mitchell Freedman
David George
Timothy Good
Karen Goodfriend
Brewster Gray
Michael Gray
Jed Greene
Donald Gursey
Robert Healy
Marcia Hein
Linda Heineman
Paul Herrerias
Margaret Hesse
Fausto Hinojosa
Nai Hwang

Glenn Imke
Robert Jones
Eduardo Jordan
James Kennedy
Michael Klarin
Steven Kramer
Hank Levy
Teresa Mason
John McWilliams
Andrew Mintzer
Ted Mitchell
Daniel Morris
Robert Nilssen
Marc Parkinson
Robert Peck
Marylou Robken
Stu Robken
Patrick Rogan
Barbara Rosenbaum
Larry Russell
Florence Rust
Jerry Sample
Diana Sanderson
Louis Savett
Harold Schultz
Martin Seiden
Jeanne Shannon
Roger Stroud
Richard Teaman
Daniel Thomas
David Tuttle
Nancy Wheeler-Chandler
Steven Wimmers
Gregg Wind
Leonard Wright
Christopher Yahng
Dennis Young

Past Chairs Present-Voting:

Gale Case
David George
Donald Gurse
Robert Petersen

Diana Sanderson
Nancy Wheeler-Chandler
Steven Wimmers

Past Chairs Present-Non-Voting:

Dennis Brach

AICPA California Delegation Present:

John Costello
John Dodsworth
Loretta Doon
David George
Bryan Polster

D. Paul Regan
Marylou Robken
Steve Wimmers
Christopher Yahng

Parliamentarian:

Robert Peck

Staff Present:

John Dunleavy
Bruce Allen
John Angelo
Vince Chin
Sara Cleary
Susan Klein
Gary Hammond

Linda McCrone
Lisa McTaggart
Maria Nazario
John Phillips
Clar Rosso
Sarah St. Charles

Guests:

Carol Ach
Denise Boscher
Annise Brokstein
Senator John Campbell
William Chapman
Donald Driftmeir
Scott Hofferber
Pamela Kelty
Ron Klein
John Kennerson
Ken Macias

James Metzler
John Moffet
Benjamin Mozzetti
Jerry Nightingale
Kathleen O'Connor
Jeanne Potter
Richard Savich
Todd Van Donge
Lynne Walline
Linda Williams

Action Items

- Unanimously approved the consent agenda.
- Unanimously approved the 2005-06 budget guidelines.
- Unanimously approved the minutes of the July 2004 council meeting.
- Council unanimously approved the appointments of Macias Gini & Company LLP to provide audit and tax services for CalCPA, the Education Foundation and CalCPA Institute beginning with the year ending April 30, 2005 and for the four subsequent years. Renewal for services in the years subsequent to April 30, 2005 is subject to the mutual agreement of all parties.
- Unanimously approved the restated articles of incorporation of the California Society of Certified Public Accountants to be presented at the July 2005 annual meeting for the approval of members.
- Unanimously approved the Bylaws Committee report and recommendations. (See attached motion form.)
- Stu Robken from the Sacramento Chapter has been elected to fill the vacancy on the board of directors, a two-year term ending in July 2005. Joe Bunker, Michael Klarin and Barbara Rosenbaum have been elected to a two-year term to the Nominations Committee.

An executive session convened at 10 a.m.

Chair's Report

Paul Regan reminded council members of the confidential nature of the information shared during the executive session.

Regan noted that council will be electing a representative to fill a vacancy on the board, which lasts until July 2005. He reviewed the process for nominations and voting. Regan introduced past chairs present at the meeting. He noted that council will be electing three council members at-large to the Nominations Committee and reviewed the process for nominations and voting. Regan directed members to the consent agenda. Due to a printing error, the July 2004 council minutes were excluded from the consent agenda. The consent agenda was approved unanimously. Regan reviewed activities since becoming chair, including visiting chapters, activities in Sacramento, AICPA Council in Orlando, and working with the CEO Goals and Performance Committee and Finance Committee. Regan expressed confidence in the organization's transitional plan and recognized the strong contributions of John Dunleavy, and future contributions of Loretta Doon

First Vice Chair Report

Chris Yahng reviewed future meeting dates and noted that the July 2005 inauguration event will be held at the Monterey Bay Aquarium and open to families.

Education Foundation Report

Lou Savett reported that the Education Foundation expects to finish FY05 with a positive variance of \$200,000. He noted that starting in April, the Foundation will roll out a greater variety and diversity of classes, including interactive online courses. No fee increases are anticipated for FY06. Savett noted that the Foundation is working on new common database with CalCPA that will include current functionality as well as enhancements. He directed members to the nominations information in the packet for the board of trustees. The California Board of Accountancy qualifications committee is recommending that the foundation's ethics exam remain the exclusive ethics exam for CPAs in California. The ethics exam represents about \$500,000 in annual income. Savett added that the foundation is looking to increase sponsorships.

Nominations Committee Report

David George, chair on nominations committee, recognized candidates for the various offices: Chris Yahng, chair; Michael Eisenberg and Marc Parkinson, first vice chair; Teresa Mason, Dan Morris and Marc Parkinson, treasurer; Bruce Gray, Pam Hunter, Steve Kramer, Daniel Morris and Pat Rogan, vice chair; Bruce Gray, Peggy Hesse, Robert Jones, Patrick Paggi, Robert Peck, Patrick Rogan and Richard Savich, 2-year council member at-large; and Michael Eisenberg, Don Gurse, Ken Macias, Teresa Mason, Daniel Morris, D. Paul Regan, Marc Parkinson, Patrick Rogan, Richard Savich, Hal Schultz and Michael Soza, AICPA Council. George then reviewed the nominations process and recognized members of the Nominations Committee.

Treasurer's Report

David Cieslak announced that Donna Lekosky, director of finance, has resigned, and that Becky Burad is working with CalCPA as interim CFO. This transition is being used as an opportunity to see how CalCPA and the Education Foundation can working together in this area. He noted the organizations are both in sound financial shape. Cieslak reviewed the budget guidelines for FY06. After some discussion, the council unanimously approved adoption of the 2005-06 budget guidelines.

Senator John Campbell addressed the group during lunch.

Council unanimously approved the minutes of the July 2004 council meeting.

Jim Metzler, AICPA vice president—small firm interests address the group. He discussed a changing landscape for the profession,.

Audit Committee Report

Marcia Hein reported that the Audit Committee had issued an RFP for CalCPA, Education Foundation and CalCPA Institute audit and tax services. Council unanimously approved the appointment of Macias Gini & Company LLP to provide audit and tax services for CalCPA, the Education Foundation and CalCPA Institute beginning with the year ending April 30, 2005 and for the four subsequent years. Renewal for services in the years subsequent to April 30, 2005 is subject to the mutual agreement of all parties.

The nominees for the open board position and the nominations committee were announced.

Member Relations Update

John Angelo reviewed a chapter meetings attendance report, noting attendance levels as well as the wide variety of programs chapters deliver. He called attention to a list of sponsors for chapter events, reviewed CalCPA affinity programs and overviewed several upcoming services that are under consideration. He also reviewed the membership activity report, noting some interesting trends in categories experiencing membership increases. He also discussed growth in leadership development.

MAP Survey Report

Joe Kovar reviewed the process for collecting data for the MAP Survey and the delivery of the report. Participants receive customized reports that compare their results to others similar size firms as well as those in the top 25th percentile. Customized reports are e-mailed directly to participants and the general report is posted online for other CalCPA members. Kovar thanked the California CPA Education Foundation for sponsoring CalCPA members' participation in the survey. He highlighted key indicators in the report, including breakdown of who participated, services provided, chargeable hours by firm and position and firm income. The survey also provided data about how firms bill, the paperless office, succession planning, tax outsourcing, and coverage of health benefits.

Financial Literacy

Mike Eisenberg reported that in 2004, CalCPA members put on eight Dollars & Sense programs in California reaching almost 400 individuals; and participated in nine tax or financial planning call-ins. He reported on CalCPA's relationship with the AICPA, including material development. Eisenberg reviewed the Financial Literacy Committee's 2005 goals that focus on broadening the reach of Dollars & Sense in the community and at high schools and colleges. He shared with the group disaster recovery and disaster preparedness guides, and encouraged members to sign up for the AICPA financial literacy database.

Membership Dues Task Force

Marc Parkinson introduced Membership Dues Task force members and reviewed genesis of the task force. He noted that currently CalCPA has 16 membership categories and 40-year members get free dues. Parkinson reviewed activities of the task force to date and noted they had recently reviewed the report related to the 2004 dues survey. The task force has developed recommendations that address the life member issue and membership categories, which he will report to the board in February and Council in July.

Articles of Incorporation

Linda McCrone noted that in 2004, CalCPA amended its Articles of Incorporation, but the Secretary of State did not accept them so they have been amended again and also restated. The board approved the restated articles in November, and the council

unanimously approved the restated articles of incorporation of the California Society of Certified Public Accountants to be presented at the July 2005 annual meeting for the approval of members.

Saturday, Jan. 22, 2005

Bylaws Committee

Greg Burke introduced Bylaws Committee members and thanked them for their work. Burke noted that all issues had significant discussion by the committee and were reviewed by legal counsel. He summarized each item that the committee had reviewed, and in most areas no action was recommended. A change was recommended for Article VII (4) Composition of CalCPA Board of Directors to change the wording to read: Article VII(4) Composition of the CalCPA Board of Directors. The CalCPA Board of Directors shall have not less than 8 and no more than 15 members. The Council unanimously passed a motion to approve the Bylaws Committee report and recommendations. (See attached motion form.)

Don Driftmier, CalCPA member and member of the California Board of Accountancy addressed the group, summarizing current issues.

John Dodsworth, president of CAMICO and CalCPA member, discussed with the group Ethics Interpretation 101-3 and its implications and unintended consequences for practitioners.

Paul Regan report that Stu Robken from the Sacramento Chapter has been elected to fill the vacancy on the board of directors, a two-year term ending in July 2005. He also reported that Joe Bunker, Michael Klarin and Barbara Rosenbaum have been elected to a two-year term to the Nominations Committee.

Government Relations Report

Bob Petersen reported on the California Performance Review and activities leading up to and immediately following the governor's recommendation to eliminate the California Board of Accountancy. He noted the formation of a legislative action group. Petersen alerted council to the tax amnesty bill that was passed in 2004 and their need to alert clients about the 60-day window and resulting penalty for failure to comply. Bruce Allen expanded on the discussion of the proposal to abolish the CBA and noted that Paul Regan would be testifying before the Little Hoover Commission. Allen noted that other hot topics this session in Sacramento include elder abuse reporting, tax conformity, health insurance issues and workers comp.

Don Gursey reported on CPA-PAC activities noting that contributions in 2003 were \$95,700; and in 2004 were \$206,000.

An open forum followed.

Meeting adjourned at 11:28 a.m.



Motion Form

Date: January 21, 2005

We move

Motion: That the 2005-06 budget guidelines approved by the Finance Committee and Board be adopted.

Maker: Finance Committee

Second: N/A



California Certified Public
Society Accountants

Motion Form

Date: January 21, 2005

We move

Motion: That Macias Gini & Company LLP be appointed to provide audit and tax services for CalCPA, the Education Foundation and CalCPA Institute beginning with the year ending April 30, 2005 and for the four subsequent years. Renewal for services in the years subsequent to April 30, 2005 is subject to the mutual agreement of all parties.

Maker: Audit Committee
Second: N/A



California Certified Public
Society Accountants

Motion Form

Date: January 21, 2005

We move

Motion: That the Restated Articles of Incorporation of California Society of Certified Public Accountants are approved and will be presented at the July 2005 annual meeting for approval of the members.

Maker: Board of Directors
Second: N/A

**NOMINATIONS COMMITTEE
AT-LARGE POSITIONS**

RESULTS

Serving a 2 year term - 2005-2007

**Joe Bunker – San Francisco Chapter
Michael Klarin – Orange County/Long Beach Chapter
Barbara Rosenbaum – Los Angeles Chapter**

CONGRATULATIONS!

Date: January 22, 2005



Motion Form

Date: January 21, 2005

We move

MOTION: Approve Bylaws Committee report and recommendations as follows. Committee votes were unanimous on all items.

1) ARTICLE V (8): Meetings of the Membership of CalCPA - Proxies

DISPOSITION: Based on the committee's findings and legal counsel's input, the committee will need to further discuss this item at its next meeting.

2) ARTICLE VI (2): CalCPA Council, Non-voting Invited Guests.

DISPOSITION: Motion: The committee recommends that the article is adequate as written and should not be changed

3) ARTICLE VIII (1): Officers. Abolish Ban of Foundation Board of Trustee Members on CalCPA Board

DISPOSITION 3: Motion: The committee decided to not recommend any change to bylaws Article VII (1) Officers.

4A) FILLING A BOARD OF DIRECTORS VACANCY. How to fill a board vacancy due to the resignation of an elected council representative to the board.

DISPOSITION 4A: Motion: The committee recommends that a board vacancy created by the resignation of a "(4)(a)(7)" board member should remain vacant until council nominates and elects a replacement.

4B) Article VII (4) Composition of the CalCPA Board of Directors. Change wording In Composition of the board to provide flexibility.

DISPOSITION 4B: Motion: The committee recommends a change to read: **Article VII (4) Composition of the CalCPA Board of Directors.** The CalCPA Board of Directors shall have **not less than 8 and no more than** 15 members.

4C) Determine whether the resignation of an elected council representative to the board also constitutes a resignation from council.

DISPOSITION 4C: Interpretation: The committee determined that in this specific instance, the council position was based only on the board term and therefore the member's resignation from the board is an automatic resignation from council.

5)Article V (10) Inspectors of Election.

DISPOSITION 5: Motion: The committee determined not to recommend a change.

6) V (11) – Action without Meeting – Review history and wording for compliance and clarity.

DISPOSITION 6: Previously reviewed and in compliance. The committee recommends no additional action is necessary.

7) V (11) – Action without Meeting – Review history and wording for compliance and clarity.

DISPOSITION 7: Previously reviewed and in compliance. The committee recommends no additional action is necessary.

Maker: Bylaws State Committee

Second: Not Needed

**COUNCIL REPRESENTATIVE TO THE
BOARD OF DIRECTORS
To Fill Vacancy & Complete End of a 2 year Term 2003-05**

Election Results

Stu Robken- Sacramento

Congratulations!

Date: January 22, 2005