

**CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**COUNCIL MEETING  
MINUTES**

Friday-Saturday  
January 19-20, 2007

JW Marriott Hotel  
San Francisco, CA

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Attendees:

Marc Parkinson-Chair

Robert Anderson  
James Babcock  
Jeanne Berry  
Dennis Brach  
Geoffrey Bremer  
Gregory Burke  
Gale Case  
Andrea Cope  
Robert Cote  
Violeta Cristobal  
Mark Croce  
Daniel Crosbie  
Conrad Davis  
John Dodsworth  
Tara Eastwood  
Perry Forschino  
Mary Kay Foss  
Joel Framson  
Jamshed Gandhi  
David George  
Timothy Good  
Karen Goodfriend  
Bruce Gray  
Michael Gray  
Jed Greene  
Paul Herrerias  
Margaret Hesse  
Scott Hofferber  
Pam Hunter  
Nai Hwang  
Robert Johnston  
Barry Kohn  
Paul Kuperstein  
Katherine Leonard  
Teresa Mason

John McWilliams  
Renee Miller  
Ryan Nielsen  
Jerry Nightingale  
Patrick Paggi  
Bryan Polster  
Monica Rebella  
D. Paul Regan  
Wendy Richards  
Thomas Rimerman  
Marylou Robken  
Stuart Robken  
Barbara Rosenbaum  
Larry Russell  
John Samore  
Jerry Sample  
Diana Sanderson-Mori  
Hal Schultz  
Sharon Selleck  
Richard Simitian  
Juan Soto  
Johanna Sweaney-Salt  
Daniel Thomas  
Marleen Thudium  
Gregory Verdon  
Debra Wacker  
Lynne Walline  
Nancy Wheeler-Chandler  
Steven Wimmers  
Gregg Wind  
Leonard Wright  
Christopher Yahng  
John Ying  
Kathy Yu Liu

## **Past Chairs Present-Voting**

Dennis Brach  
Gale Case  
David George  
Paul Kuperstein  
D. Paul Regan  
Tom Rimerman

Diana Sanderson-Mori  
Hal Schultz  
Nancy Wheeler-Chandler  
Steven Wimmers  
Christopher Yahng

## **Staff Present:**

Loretta Doon  
Bruce Allen  
John Angelo  
Stasha Bolls  
Vince Chin  
Sara Cleary  
Soco Davenport  
Rebecca Duffy  
Jane Dunbar  
Damien English  
Gary Hammond  
Julie Jameson

Tannis Kirschenbaum  
Susan Klein  
Matthew Koontz  
John Larkin  
Linda McCrone  
Lisa McTaggart  
Maria Nazario  
Kay Phelan  
Clar Rosso  
Jeannie Tindel  
Roicky Vienna

## **Guests Present:**

Carol Ach  
Lynette Atchley  
Clifford Baugh  
Joseph Bunker  
Bob Bunting  
Michele Day  
Donald Driftmier  
Michael Eulau  
Mitchell Freedman  
Angela Grainger  
William Holder  
Thomas Iino  
Robert Jones  
Pam Kelty  
Michael Klarin  
Leslie LeManna

John Levy  
Fiona Ma  
Jason Melillo  
Jamie Menasco  
Joe Mori  
Jana Plummer  
Rick Rayson  
William Reeb  
Jennifer Sawyer  
Dana Senes  
Scott Seamands  
David Schwartz  
Michael Thompson  
Lammert Van Laar  
Louis Wong

## **Action Items**

- The Council approved the November 2006 Council minutes.
- The Council approved the budget for the year ending April 30, 2008.
- The Council approved the three amendments to CalCPA's bylaws described below.

## **Chair Report**

Marc Parkinson has started a periodic e-newsletter from him as the Chair to chapter presidents to open an important line of communication. It has been well received. The managing partner conference calls initiated in 2006 will continue. The board met in CalCPA's Redwood City office in December, and will continue to hold one meeting at headquarters annually.. CAMICO President John Dodsworth was a guest at the meeting and updated the board on CAMICO operations. The Board met with CalCPA and Foundation staff after the meeting. Important upcoming events are CPA Day at the Capitol on May 29, 2007, and the Young & Emerging Professionals Conference on May 9, 2007 in San Francisco and May 11, 2007 in Los Angeles. The November 2006 Council minutes were reviewed and approved.

Gale Case introduced the new Executive Director of the Group Insurance Trust, Susan Young, who has extensive experience in the insurance industry. John Phillips has retired although he will continue to serve as a trustee.

## **First Vice Chair Report**

Teresa Mason reported that CalCPA membership is nearing 30,000 with 3,840 new members during FY07. Candidate members represent the majority of new members, and a focused effort is being made to meet these young professionals needs and retain them as members. Mason noted there are plans in the works to honor member 30,000 at the annual meeting in June.

## **Treasurer's Report**

Kate Leonard discussed the November financial statements which show an increase in revenue, particularly at chapter events. On the expense side, hotel costs for meetings have risen as the economy improves. Unrelated business income tax showed a significant increase partially due to increase in income and is being analyzed further. Overall, for the seven months ended Nov. 30, 2006 there is an increase in net assets of \$607,000.

For the first time, CalCPA Council will pass a budget before the start of the new fiscal year. In prior years, the council approved an interim budget at the January meeting and approved the final at the June meeting. This project-based budget represents a collaborative effort between staff and members, including a comprehensive review by the Finance Committee meeting with staff on Nov.1, 2006. The board approved the budget at its December meeting. Leonard noted that the budget reflects a dues increase of \$1 per month for most membership categories. The total increase of \$12 per year correlates to the consumer price index and is necessary to balance the budget. Council approved the budget for the year ending April 30, 2008.

### **Education Foundation Report**

Pam Kelty overviewed the financial statements of the Education Foundation which showed an increase of revenue of 13.4 percent over prior year and 5 percent over budget. Since during 2006–07 the Foundation is celebrating its 40<sup>th</sup> anniversary, there was no cap on the amount of classes that a VP member could take. This increased attendance combined with increased hotel costs have contributed to a 7 percent increase in expenses. Next year the Foundation will award two doctoral scholarships. A past doctoral scholarship recipient is now teaching at San Diego State University.

### **AICPA Distinguished Service Award**

Marc Parkinson introduced Bill Holder, recipient of the 2006 AICPA gold medal for distinguished service. Holder has been a CalCPA member for 27 years and in 1998, he received CalCPA's Distinguished Service award for his outstanding commitment to the profession. Over the years, Holder has been a favorite instructor for the Education Foundation and currently is a member of the Governmental Accounting Standards Board. Holder addressed the council and spoke on the important role CPAs play in protecting the financial market.

### **Nomination Process**

Steve Wimmers reviewed the nomination process and introduced the nominees. Officer and board candidates gave short speeches to the Council.

### **California Board of Accountancy**

The California Board of Accountancy also was meeting in San Francisco and finished early enough for several members of the CBA to attend CalCPA's meeting. David Swartz, CBA president and a licensed CPA, updated the Council on CBA activities and its 2007 agenda. He noted they are reviewing on conforming California record retention regs to the new PCAOB auditing standards. He also noted that mandatory peer review exists in 39 states and it is important for California to implement this program. Another key issue is mobility. Swartz said that every state has different rules on mobility and NASBA and the AICPA are working with the states to simplify these rules.

### **CalCPA Institute Report**

Marc Parkinson reported on the successes of CalCPA Institute's financial literacy and scholarship programs. In 2006, various financial literacy programs reached more than 10,000 Californians. The National Endowment for Financial Education is using CalCPA as a role model for its high school program and is exploring a statewide partnership with CalCPA. Dollars & Sense events are being given throughout the state in many venues. There are more than 800 financial literacy and student outreach volunteers. In 2006, chapters have awarded \$178,000 in scholarships and at the state level \$28,000 was awarded to student pursuing 150 hours of education.

### **Lunch Speaker**

Fiona Ma, California State Assembly member, CPA and CalCPA member, spoke on legislative issues.

### **International Federation of Accountants**

Bob Bunting, deputy president of IFAC and former AICPA chair, spoke on living in a world of convergence. On an international basis, IFAC helps regulate the profession, supports the global development of the profession, encourages compliance and convergence, and contributes to economic growth and stability. It has four independent standard-setting boards: International Auditing and Assurance Standards Board, International Ethics Standards Board for Accountants, International Accounting Education Standards Board, and International Public Sector Accounting Standards Board. Recently, Canada dropped US GAAP and GAAS and went to IFAC standards, joining over 100 other countries. The regulatory bodies in the United States are working on harmonization of their standards with the international standards.

### **Leadership Institute Graduation**

A brief graduation ceremony was held for the second Leadership Institute class. Bill Reeb, the instructor, commented that he had never been with so many people who were willing to learn and to be challenged. The graduates are Lynette Atchley, Timothy Good, Karen Goodfriend, Angela Grainger, Jed Greene, Eduardo Jordan, Katherine Leonard, Jamie Menasco, Ryan Nielsen, Jana Plummer, Natalie Quan, Monica Rebella, Jennifer Sawyer, Scott Seamands, Lynne Walline, Louie Wong, Leonard Wright, Gary Hammond, and Kay Phelan.

### **Professional Update and Roundtable Discussion**

Council member Bob Cote provided an update on new auditing and attestation standards. SAS No. 102 and SSAE No. 13 defines unconditional requirements by the words “must” or “is required” and defines presumptively mandatory by the word “should”. SAS No. 103 strengthens the documentation requirements for audits, changes the dating of the audit report to when there is sufficient appropriate evidence, and provides final assembly rules and retention period. SAS No. 112 requires written communication of “significant deficiencies” or “material weakness” in internal control.

Hal Schultz spoke on the proposed the Uniform Accountancy Act revisions that are designed to facilitate mobility. UA Section 23 seeks to provide a uniform system for state regulation of cross-border practice by CPAs. The proposed revision eliminates the notification requirement and makes explicit each state board’s authority to regulate all CPAs and firms who practice in their state. The exposure period ends May 15, 2007. Getting state by state implementation will be problematic. There was an AICPA special committee on the mobility that recommended a federally mandated state-based mobility provision but that has been tabled pending the outcome of the newly proposed Section 23.

The Council broke into roundtable discussion.

### **Government Relations Report**

Conrad Davis, Government Relations Committee chair, reported that the new legislative session has begun. He reported that CalCPA sent a letter recommending changes to the AICPA's proposed business valuation standards as did the Estate Planning and Taxation Committees and the Litigation Sections. The California Board of Accountancy is in the process of defining incidental and temporary practice that they use to assess mobility issues. They also are proposing an amendment to Regulation 99 that expands the grounds for discipline and denial of licenses. CalCPA Relations has objected to the proposal as being too broad and has asserted that the CBA may not be the appropriate venue for the determinations in the proposal. May 29, 2007 is CalCPA legislative day at the Capitol. Legislators want to hear from CPAs in their districts so it is important that everyone participate.

### **Bylaws Committee Update**

Greg Burke described the proposed changes to the bylaws. Currently, the CalCPA chair appoints an existing board member to the secretary position. The change would combine the secretary and treasurer position and the same elected member will carry out the duties of both provisions. Because CalCPA issues combined audited financial statements with the Education Foundation, and the Foundation must comply with California's 2004 Nonprofit Integrity Act, changes are necessary to CalCPA bylaws. Currently, the bylaws call for the chair to appoint the Audit Committee. However, the 2006-07 Audit Committee was appointed by CalCPA Council at its June 2006 Council meeting. The proposed bylaws will require the Audit Committee to be appointed by CalCPA Council annually to meet Act requirements. The last proposed change would be to delete the requirement to prorate dues after May 1. This allows CalCPA greater latitude in creating membership recruitment incentives throughout the fiscal year. Burke noted that the Bylaws Committee will recommend to the Education Foundation trustees that they have two representatives, rather than one, on the Audit Committee. In 2007, the Committee will review CalCPA Institute's bylaws for consistency. The Council approved the three proposed bylaw amendments.

### **Open Forum**

Open forum was held.

### **CEO Report**

Loretta Doon delivered her CEO report. She stated that CalCPA strengthens the profession through advocacy, communication, and education, and as a 30,000-member organization, CalCPA has a strong impact on the Legislature. She reported that the large firm managing partner conference calls focus on legislative and regulatory updates and update input on government relations issues. CalCPA is reaching out to members in industry via a new statewide business and industry initiative. The largest new group of CalCPA members is CPA candidate and CalCPA is focusing on delivery of benefits and services to young and emerging professionals. One of the most successful outreach programs continues to be financial literacy. Doon noted that staff is dedicated and passionate about supporting and adding value to our members. She thanked John

Dunleavy, who has retired, for his leadership, which created a financially strong Education Foundation.

### **Communication Report**

Clar Rosso discussed CalCPA's image advertising program. Three years ago, CalCPA's advertising consisted of 10 second spots during traffic reports on mainstream radio stations focused on Find a CPA. The current the approach is far more targeted to business decision makers, ages 35 to 65, who listen to business and news radio programming. CalCPA's 60 second ads run one week per month and reach 1.7 million listeners each month.. The ads deliver the message that the CPA, who is a CalCPA member, is the preferred provider of business and finance services in California.. The main campaign features client or employer testimonials seconds.

### **Results of Nominating Committee Election**

The members elected to 2007-08 Nominations Committee at-large positions are Dennis Brach, Silicon Valley San Jose Chapter; Bob Cote, San Francisco Chapter; and Larry Russell, Los Angeles Chapter.

The meeting adjourned at 10:34 a.m.

