

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

**Friday-Saturday
July 22-23, 2005**

**Monterey Plaza Hotel & Spa
Monterey, California**

Council Members:

Christopher Yahng, Chair

Joan Alleckson
Dennis Brach
Beverly Brautigam
Geoff Bremer
Greg Burke
Cynthia Bush
Janice Carr
David Cieslak
Andrea Cope
Robert Cote
Violeta Cristobal
Michael Eulau
Gary Finkel
Perry Forschino
Mary Kay Foss
Mark Fowler
Joel Framson
Mitchell Freedman
Robert Gaby
David George
Timothy Good
Karen Goodfriend
Brewster Gray
Michael Gray
Donald Gurse
Robert Healy
Paul Herrerias
Margaret Hesse
Scott Hofferber
Pamela Hunter
Glenn Imke
Robert Johnston
Eduardo Jordan
Michael Klarin
Joseph Kovar
Steven Kramer
John Lechleiter
Katherine Leonard

Henry Levy
Narelle MacKenzie
Teresa Mason
Sandra McNeil
John McWilliams
Andrew Mintzer
John Moffat
Daniel Morris
Kathleen O'Connor
Patrick Paggi
Marc Parkinson
Robert Petersen
Chad Porter
D. Paul Regan
Wendy Richards
Stuart Robken
Barbara Rosenbaum
Larry Russell
Florence Rust
Jerry Sample
Harold Schultz
Martin Seiden
Jeanne Shannon
Lisa Silva
Juan Soto
Joseph St. Angelo
Roger Stroud
Daniel Thomas
Laarni von Ruden
Lynne Walline
Nancy Wheeler-Chandler
Steven Wimmers
Gregg Wind
Leonard Wright
John Ying
Dennis Young

Past Chairs Present-Voting

David George
Donald Gursey
Robert Petersen
D. Paul Regan

Harold Schultz
Nancy Wheeler-Chandler
Steven Wimmers

Past Chairs Present-NonVoting

Dennis Brach
Stuart Kart
James Kuhn

AICPA California Delegation Present:

John Dodsworth
Loretta Doon
David George
James Kuhn
Katherine Leonard
Teresa Mason

Marc Parkinson
D. Paul Regan
MaryLou Robken
Harold Schultz
Steven Wimmers
Christopher Yahng

Parliamentarian:

Dan Morris

Staff Present:

John Dunleavy
Loretta Doon
Bruce Allen
John Angelo
Vince Chin
Sara Cleary
Judy Graziani
Susan Klein
Kristin Klingval
Gary Hammond

Barbara Maciel
Linda McCrone
Lisa McTaggart
Maria Nazario
Kay Phelan
John Phillips
John Plymyer
Lois Plymyer
Clar Rosso
Sarah St. Charles

Guests:

Timothy Anderson
Mary Beth Armstrong
Gary Barnhart
John Benson
Annise Brokstein
Robert Bunting
Catherine Chan
Patricia Cochran
Sandra Collins
Patricia Crelan

Conrad Davis
Melissa Fortune
Marcia Hein
Robert Jones
Pamela Kelty
Jeanne Laye
Thomas Noce
Joseph Petito
David Primes
Debbie Prizznick

Louis Savett
Thad Scott
Sheldon Siegel

John Valenzuela
Leonard Williams

Action items

- Approved changes to consent agenda
- Approved consent agenda unanimously.
- Approved recommendations for council members at large
- Unanimously approved the financials for year-end April 30, 2005.
- The 2005-06 budget was approved as presented.
- Council approved the audited financial statements for years ended April 30, 2005.
- Council approved the appointment of Jeffrey Haas, Jacques Welche, John Lechleiter and Melissa Fortune as Audit Committee members and Mel Ozur as chair.
- Council approved a motion to appoint Tom Parry, Michael Hurley and Debbie Ask as members of the Peer Review Administrative Committee.
- Council approved the nomination of Gary Capata, Pamela Hunter, Steve Kramer, and Stu Weinstein to the GIT election ballot for a three-year term beginning January 2006, as CalCPA council nominees.
- Council passed a motion to approve changes to proxy limits and language related to the separation of the roles of CEO and corporate secretary.
- Council approved technical and legacy language changes to the bylaws.
- Council approved the meeting schedule for 2005-06 and tabled the remainder of the original motion from the Meetings Task Force.
- Council approved the following resolution: CalCPA opposes the inclusion of tax in the AICPA's Consulting Services Executive's proposed Statement on Standards for Valuation Services.
- Council approved the membership dues task force report as submitted.

Nominations Committee Report

Nancy Wheeler Chandler introduced Nominations Committee members and reviewed the process for nominations for 2006-07 leadership positions.

Consent agenda

Chris Yahng announced the deadline for nominations for council representatives to the board of directors.

Council approved a motion to remove the 2005-05 meeting dates from the consent agenda. The consent agenda was approved unanimously.

Chair's report

Yahng reviewed state committee chair appointments and acknowledged the new state committee chairs. He announced that Peggy Hesse has been appointed to complete Marc Parkinson's term as a vice chair on the board of directors. Yahng also announced his recommendations to fill two openings for council members at large, Conrad Davis and Bob Jones, and explained the process for other candidates to apply for these positions.

There being no other applicants, the recommendations for appointments to council were approved unanimously.

Treasurer's report

David Cieslak directed council members to the FY05 financials and opened the floor for questions. Cieslak reviewed the process for recognizing and reporting dues revenue. Council unanimously approved the financials for year-end April 30, 2005.

Cieslak reviewed CalCPA's budget guidelines and the budget process. He pointed out that the amount for the contingency fund has been reduced based on past experience. After some discussion, the 2005-06 budget was approved as presented.

Audit Committee Report

Marcia Hein noted that the first audit with the new auditor, Macias Gini, was complete and she reviewed the audit process. She noted that during the Audit Committee process, adjustments were made to the pension plan liability. She also noted that this year the financials were presented as combining rather than consolidating. Hein reported that the auditors issued an unqualified report, and that there were no reportable conditions or material weaknesses in internal controls. She reported that the auditors made recommendations regarding payroll and the handling of electronic signatures on timecards; and that there should be uniformity with the forms that are completed for chapter events. Council approved the audited financial statements for years ended April 30, 2005.

Council approved the appointment of Jeffrey Haas, Jacques Welche, John Lechleiter and Melissa Fortune as Audit Committee members and Mel Ozur as chair.

Peer Review Report/Election

John Lechleiter referred to his report that summarizes major changes to the peer review standards effective Jan. 1, 2005. He informed council that this year, the Peer Review Committee has expanded the reviewer oversight program, implemented a mentoring program for existing reviewers, and started a scholarship program to attract qualified peer reviewers. Also, the California Board of Accountancy Peer Review Task Force has prepared a report suggesting that mandatory peer review be delayed until 2012. Council approved a motion to appoint Tom Parry, Michael Hurley and Debbie Ask as members of the Peer Review Administrative Committee.

GIT Report

Nancy Wheeler-Chandler overviewed the Group Insurance Trust, what it offers and how it is governed. She reviewed the nominations process for trustees. Council approved the nomination of Gary Capata, Pamela Hunter, Steve Kramer, and Stu Weinstein to the GIT election ballot for a three-year term beginning January 2006, as CalCPA council nominees.

Recessed at 2:51 p.m. for California CPA Education Foundation annual meeting.

The CalCPA Council meeting reconvened at 3:25 p.m.

Facilities Task Force Report

Paul Regan delivered the Facilities Task Force Report. The task force met June 8, 2005 and reviewed the real estate market for rentals and office building purchases. Regan also reviewed CalCPA's current lease obligations and the status of the other entities (CAMICO, California CPA Education Foundation and the Group Insurance Trust). The task force reported that it is too early to purchase a building or try to get out of current lease obligations. Regan noted that \$2 million has been set aside in reserves for the future purchase of a building.

Bylaws Committee Report

Greg Burke introduced the Bylaws Committee members. He noted that all committee motions were passed unanimously and that the board of directors passed the committee recommendations in May. Burke reported that none of the bylaws changes impacted member rights, so they only needed council approval. He reviewed major changes. Council passed a motion to approve changes to proxy limits and language related to the separation of the roles of CEO and corporate secretary. Council approved technical and legacy language changes to the bylaws.

Meetings Task Force Report

Teresa Mason discussed the evolution and work of the Meetings Task Force. She reviewed recommendations, that the board had approved at its May meeting. Discussion followed. Council approved the meeting schedule for 2005-06 and tabled the remainder of the original motion from the Meetings Task Force.

Nominees for Council Representatives to the Board

Chris Yahng announced the nominees for council representatives to the board.

The council recessed for the day at 5:15 p.m.

Saturday, July 23, 2005

Financial Literacy Report

John McWilliams reported on CalCPA's financial literacy initiative. He acknowledged the contributions of outgoing committee chair Mike Eisenberg and thanked him for his efforts. McWilliams reviewed local and statewide contacts who can help members with their participation in the initiative. He reported on CalCPA's collaboration with the AICPA on a variety of projects including development of the 360 Degrees of Financial Literacy mobilization kits, co-hosting a seminar with the Department of Labor for women CEOs regarding retirement plan options, and a pilot partnership with the IRS that would place CPA experts at FEMA centers following federally declared disasters. McWilliams encouraged council members to become involved in the initiative and promoted partnership opportunities with students and accounting educators at colleges and universities. McWilliams asked council members to mark their calendars for the

California Summit on Financial Literacy that will be held April 26, 2006. He also highlighted various activities to date.

Government Relations Report

Bob Petersen delivered the government relations report and reviewed major legislative activities in Sacramento. He included discussion of various successes such as the “defeat” of Reorg One, which would have abolished the California Board of Accountancy; and bills such as AB 9, tax on professional services, and SB 393, special district audits that are being held until 2006.

Hal Schultz reported on recent regulatory activities including the work of the California Board of Accountancy’s peer review task force, which is recommending not implementing mandatory peer review until 2012, and various proposals from the National Association of State Boards of Accountancy regarding mandating curriculum and other changes to the 150-hour rule. Schultz also noted that CalCPA’s government relations team has requested that NASBA update its information on the practice privilege requirements in various states.

Petersen reviewed CalCPA committee discussions and actions related to the AICPA’s proposed Statement on Standards for Valuation Services: Valuation of a Business, Business Ownership Interest, Security or Intangible Asset. He reported that the Government Relations Committee met by conference call and voted unanimously to oppose the standards unless all references to tax services are excluded. Petersen presented the following resolution to council: CalCPA opposes the inclusion of tax in the AICPA’s Consulting Services Executive’s proposed Statement on Standards for Valuation Services. Discussion followed. The motion passed.

An open forum was held.

AICPA Chair Bob Bunting made a presentation and overviewed AICPA activities on the national level.

Membership Dues Task Force Report

Marc Parkinson introduced Membership Dues Task Force members and reviewed the group’s history. He reviewed the task force’s short-term recommendations that had already been implemented, and the group’s long-term recommendations. Parkinson shared financial projections related to CalCPA’s life member category.

Recommendations included simplifying the current dues structure; grandfathering in existing life members and anyone who has 35 years of membership as of May 1, 2006 who reaches 40 years of membership; and creating a new life membership category in which life members pay 50 percent of their dues. The task force also recommended continuing and promoting CalCPA’s prepayment of dues programs for members who have reached 55 or 60 years of age. Council approved the membership dues task force report as submitted.

CPA-PAC

Don Gursey thanked CPA-PAC contributors.

Election Results

Chris Yahng reported on elections results. Paul Herrerias and Stu Robken were elected as council representatives to the board for a two-year term, 2005-07.

The meeting adjournment at 11:38 a.m.