

CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
Board of Directors Meeting
Minutes

Friday, September 15, 2006

The Westin
Portland, Oregon

Members Present

Marc Parkinson, Chair
Chris Yahng
Teresa Mason
Greg Burke
Geoff Bremer
Paul Herrerias
Margaret Hesse
Pam Hunter
Kate Leonard
John McWilliams
David Primes
Stu Robken

Staff Present

Loretta Doon
Bruce Allen
Clar Rosso
John Angelo
Linda McCrone
Kristin Klingvall
Kay Phelan
Gary Hammond
Lisa McTaggart
Susan Klein

Action Items

- The board unanimously approved the May 5, 2006 board minutes.
- The board unanimously approved that Treasurer, Kate Leonard, also be appointed Secretary.
- The board unanimously supported a statewide business and industry initiative.

Orientation

Lisa McTaggart reviewed orientation materials, including bylaws and organization charts.

Chair Report

Marc Parkinson reported that he has enjoyed attending chapter events and has plans to attend many others. He encouraged the directors to spread the word to colleagues and others about the Young Emerging Professionals Conference. Kay Phelan provided details about the conference and noted that this conference demonstrates the benefits of leveraging the strengths and resources of the Education Foundation and CalCPA.

Under CalCPA bylaws, the board decides who is appointed secretary; it is not an elected position. The board approved unanimously to appoint treasurer, Kate Leonard, as secretary.

First Vice Chair Report

Teresa Mason reported on a phenomenal year of membership growth. One of the biggest areas of growth is candidate membership. She noted that the current retention rate for FY07 is 92% and expected to climb; last year's retention rate was 94%. Mason noted that in 2009, CalCPA will celebrate its 100th anniversary, and Nancy Wheeler-Chandler and

Paul Regan will co-chair a committee to plan a 100-year celebration.

Mason noted that a tremendous growth opportunity for CalCPA lies with business and industry CPAs. Currently, only about 20% of our members are in industry, compared to a national average of about 40%. Understanding that this presents a great opportunity for CalCPA, the organization is looking for board approval to develop a business plan and shift resources to being work on a major B&I initiative. The board voted unanimously to support a statewide business and industry initiative.

Treasurer Report

Kate Leonard reviewed the financial statements indicating that the main differences between last year and this year are timing differences and investment returns, with last year being a great investment year. The balance sheet continues to be strong and the projection for year-end is a net increase in assets ranging from \$200,000 to \$250,000. She noted that this is the first year that the budget for the next fiscal year, will be presented for approval at the January council meeting. The Finance Committee will meet in November to review preliminary program budgets presented by staff.

Education Foundation Report

David Primes reported that attendance is up over last year at Education Foundation events and operation results are close to budget. The Education Foundation continues to expand and improve its webcast product; expand and market the accounting and technology trade show; and support the doctoral scholarship program.

CEO Report

Loretta Doon described the very successful on-site firm visit program spearheaded by Kurtis Docken from the Education Foundation who is promoting in-house CPE. On most visit he is joined by a CalCPA director or associate director, who is focused on discussing membership needs with the members. GIT and CAMICO literature is also distributed. She noted that this is a great example of creative business initiative and cross organizations staff teams that benefits everyone.

Doon reported on staffing realignments in several important areas. Member relations and communications have been merged with Clar Rosso promoted to division director of programs and communications. The business services division has also been realigned and there is currently an open position of division director of business services. John Angelo's assignments have been redefined and he is now the division director of strategic alliances. The executive management team had a management retreat to work on its internal staff vision to support members. In late September, all the directors will meet for a two-day retreat, followed by training for the entire staff in December. CalCPA and Education Foundation departments are giving presentations to the entire staff about the workings of the individual department. The first of these information sessions was held this week and was transmitted via webcast to the other offices.

Government Relations Report

Bruce Allen reported that AB 1868, practice privilege clean-up legislation has passed and

is expected to be signed by the governor. The legislation allows, through Jan. 1, 2011, out-of-state CPAs and foreign accountants to perform services in California as long as certain conditions are met. CalCPA plans to work on a long-term solution that will protect consumers and remove unreasonable impediments to interstate commerce. CalCPA continues to work on SB 747. CalCPA is strongly opposed to abusive tax shelters. However the way SB 747 is drafted, it could be used to force settlements on innocent taxpayers and practitioners. Allen noted that a Dollars & Sense program for legislative staff is planned for February at the Capitol.

Current Issues

The AICPA recently appointed a mobility task force to review issues related to impediments to practice across state lines. Michael Ueltzen has been appointed to serve on this task force. A big issue in the debate is the Uniform Accountancy Act (UAA). The intent of the UAA was to create substantial equivalent states so CPAs could easily practice in other states. In reality, many states have added individual requirements that create barriers to entry. California is among the states that are not substantially equivalent.

Regarding peer review, the AICPA is considering various methods to make the results of peer review available from administering entities to state boards of accountancy where peer review is a condition of licensure. The AICPA Peer Review Program and the Center for Public Company Audit Firms have merged and held their first combined board meeting. They are revising peer review standards, which will include the elimination of letters of comments. There has been no information on when the revised business valuation standards will be issued.

Open forum

Open forum was held.

Department Reports

Clar Rosso announced the hiring of an Associate Director of Marketing and Communications, John Larkin. CalCPA has had brisk media activities over the past few months, including informational reporter briefings on topics such as understanding financial statements and stock options backdating which helps position CPAs as experts. The website is being redesigned to improve usability and to increase the site's effectiveness.

Linda McCrone reported that, with the retirement of Dolores Fry, Art Korn has successfully and smoothly added the ethics answer line to the accounting and auditing answer line. The chairs of the Governmental Accounting and Auditing Committee and the Committee on Municipal Accounting are on the cover of the August issue of *California CPA* with an article on other post employment benefits for governmental entities. The Accounting Principles and Auditing Standards Committee has responded in support of an exposure draft from FASB and the AICPA on establishing different financial accounting and reporting standards for private companies.

John Angelo announced the awarding of the second doctoral scholarship, which is a joint effort of the Accounting Education Committee and the Education Foundation. The first doctoral scholar is now teaching at San Diego State. The selection for the next Leadership Institute has been finalized representing a diverse mixture of members. CalCPA is a corporate sponsor and will have a booth at the National Association of Black Accountants' (NABA) West Coast Student Conference in Los Angeles. The Member Insurance & Benefits Committee has negotiated discounts on three CPA Exam review courses and a discounted price on *CCH Annual Tax Guides*. CalCPA's website now has podcasts of recent monthly audio conferences put on by the Business and Industry Committee as well as other relevant events.

Gary Hammond stated that four chapters have awarded more than \$85,000 in scholarships during this past quarter. A focus for this year is starting the Young and Emerging Professionals program in chapters that do not currently have the program. Also at the state and grass roots level, CalCPA has continued or begun working with 20-30 Club, Beta Alpha Psi, NABA, National Asian American Society of Accountants, and Financial Women's Association.

Board Liaison Reports

Before board of director meetings, board members should contact the chairs of their assigned state committees to ensure that any requested communication reaches the board. Board members should also interact with chairs at Council meetings. They should try to attend at least one meeting of the state committee for which their travel expenses will be reimbursed.

November Council Agenda

Topics for the November Council meeting were discussed and two topics, young and emerging professionals and substantial equivalency, were chosen. Additional topics will be decided later.

The meeting adjourned at 2:30 p.m.