

**CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**  
**Board of Directors Meeting**  
**Minutes**

Friday, Dec. 8, 2006

California Society of CPAs  
Redwood City, California

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**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  
Andrea Cope  
Steve Kramer  
Bryan Polster

**Staff Present**

Loretta Doon  
Jeannie Tindel  
Clar Rosso  
John Angelo  
Linda McCrone  
Anna Dilig  
Kay Phelan  
Tannis Kirschenbaum  
Lisa McTaggart

**Guests**

John Dodsworth  
Rocky Vienna

**Action Items**

- The board unanimously approved the Sept. 15, 2006 minutes.
- The board unanimously approved the establishment of a line of credit.
- The board approved the Oct. 31, 2006 financial statements.
- The board approved the 2007–08 budget to be brought to council in January for approval.
- The board approved changes to the bylaws to be brought to council in January for approval.

**Chair Report**

Marc Parkinson reported that he has started a successful periodic communication chapter presidents. He noted that in addition to CalCPA, the Committee on Taxation, Estate Planning Committee and Litigation Sections are submitting comment letters on the AICPA's Exposure Draft of the Proposed Statement on Standards for Valuation Services. He also noted Bill Holder has received the prestigious Distinguished Service Award from the AICPA and he will be recognized for this accomplishment at our January Council meeting.

**First Vice Chair Report**

Teresa Mason reported that CalCPA membership will reach 30,000 members before the end of the fiscal year. Retention for 2006–07 is 93 percent. The annual meeting in June 2008 will be held in Hawaii in conjunction with CPE put on by the Education Foundation. This location is

being used to attract new and young CPAs. Previous Education Foundation CPE weeks in Hawaii have been very successful.

### **Treasurer Report**

Kate Leonard reviewed the financial statements, noting strong investment growth and advertising revenue. She said an increase in unrelated business income tax which will be analyzed further particularly in the allocation of expenses. The board approved the Oct. 31, 2006 financial statements. A line of credit needs to be established so that CalCPA is able to move quickly on a possible real estate acquisition. Also, it is good banking practice to have a line of credit and there will be no annual cost unless the line of credit is drawn on. The motion authorizing a line of credit passed unanimously.

The 2007–08 budget was presented for acceptance to bring to council in January. The budget includes a cost of living \$12 dues increase for most membership categories. Leonard noted there could be more variance in budget to actual next year because the budget is being adopted earlier. In this budget, investment income is utilized but not the gains and losses from investments. The market has had a dramatic increase in the cost of facilities that is reflected in the budget amount for meeting expenses. The board approved the 2007–08 budget to be referred to Council for their acceptance.

### **January Council Meeting**

Kay Phelan and Clar Rosso overviewed the Young and Emerging Professionals Conference that will be held in San Francisco May 9, 2007 and in Los Angeles May 11, 2007. The board discussed several current issues as possible topics for breakout sessions at the January Council meeting. The officers finalize the topics after the staff completes further development. The evaluation forms will include a question on what topics the Council members would like to discuss at future meetings.

### **Education Foundation Report**

David Primes reported that John Dunleavy has retired and wished him well. Kay Phelan is the lead director for the Foundation. Primes reported that financially, the Education Foundation is on track. Webcasts have been successful and additional CPE delivery methods are being explored. For 2007–08, the Education Foundation will award a second doctoral scholarship.

### **CEO Report**

Loretta Doon reported that staff has created an internal vision to help deliver the organization's mission. She noted that another focus has been outreach to other organizations to create opportunities for CalCPA and the Education Foundation. For example, CalCPA sponsored and offered a scholarship at a recent National Association of Black Accountants event. She also works with other state society executives through CPA-SEA, which gives valuable exposure. She was invited to speak to the New York Society of CPAs about CalCPA activities; and CalCPA recently hosted a meeting with the Chinese Institute of CPAs. For the 12th year, there was a joint conference of the Mexican CPA Society and CalCPA. Marc Parkinson was the lunch

speaker and gave his speech half in Spanish and half in English. She also covers the state going to chapter and committee events.

### **Department Reports**

Clar Rosso shared highlights of chapter activities and how staff is working to share successes among member groups so that activities can easily be replicated. A recent research focus and program development has been on attracting and retaining the 0-4 year licensees. The International Business Committee has by unanimous vote decided to sunset effective April 30, 2007, with many members planning to apply to other state committees. Similarly, the Management Consulting Services Committee is merging into the Management of an Accounting Practice Committee. This fall, a comprehensive article was e-mailed to CPAs in management positions regarding California overtime laws, the idea emerged from the fall managing partner call, during which workload compression was identified as a continuing issue. CalCPA.org is being redesigned to better meet user needs. Also, recent enhancements to the CalCPA.org classified ads have resulted in free internship listings for members.

Linda McCrone explained that the California Peer Review Committee has issued a letter to all peer review firms describing the major new auditing standards with several important standards being effective for years ending Dec. 31, 2006. *BUZZ* carried an article that linked to the letter on the website and *California CPA* also will reference the letter. CAMICO and other state peer review administering entities received copies of the letter. Every other year the California Peer Review Committee is oversighted by the AICPA Peer Review Board. This November the oversight was performed and there were no findings.

Rocky Vienna reported on CalCPA information technology advances including improved web interface dues processing and developing process for chapter coordinators to log on the database from events. CalCPA and the Education Foundation are continuing to streamline redundancies in IT support. Some servers will be replaced in the spring and with a new support architecture that will require fewer servers.

### **CAMICO**

John Dodsworth explained that CAMICO interacts with CalCPA through the Members Insurance and Benefits Committee, which helped launch CAMICO. Yearly, CAMICO reports to this state committee and several members attend a CAMICO meeting. This year, CAMICO will rollout a new insurance program, Employment Practices Liability Insurance. They have approval from California Department of Insurance and the program will be available to all CalCPA members, not just CAMICO policyholders. They inherited a nationwide program that carried this insurance and as a result they have a good network of insurance agents. The professional liability insurance business is cyclical and at this time there are several new carriers who are attempting to underbid the competition. CAMICO has grown rapidly but conservatively and is proud of maintaining an A- from BEST. They recently declared a 3% dividend to policyholders. They do business in most other states and have up to fifteen other state societies supporting them. CAMICO is a policy holder owned and focused company who invented loss prevention. They answer lots of calls on risk evaluation, disengagement, and technical matters, especially high end

tax matters. The majority of claims are in tax. There are not as many audit claims but these are often for large dollar amounts with one of the biggest problems being fraud. CAMICO is concerned about mobility issues because juries do not like out-of-state CPAs who have not followed the requirements of their state. A current problem is lenders requesting CPAs to sign documents attesting to the financial worthiness of their clients. There are materials on CAMICO and CalCPA web sites to help CPAs with this issue. CAMICO has an informative website for policyholders with approximately half the information available to members of state societies who sponsor them such as CalCPA.

### **Department Reports, continued**

John Angelo informed the board that the special projects division has been more appropriately named strategic relations. He is focused on creating strategic alliances and outreach to other entities. The Leadership Identification & Development Committee is focusing on how to identify and encourage members into assuming leadership positions. The fall 2006 Leadership Institute will have their graduation ceremony at the January Council meeting. The Accounting Education Committee awarded six state level scholarships to students pursuing their 5<sup>th</sup> year of education. They also are evaluating giving money to professors or accounting departments as well as providing more scholarships to doctoral candidates or CPAs who want to teach in colleges.

Jeannie Tindel reviewed CalCPA's letter to the AICPA on the Exposure Draft of the Proposed Statement on Standards for Valuation Standards, which supports the position taken by Council. Conrad Davis was commended for his excellent work in drafting it. The letter again asks for an exemption for certain tax services since current tax standards and Treasury regulations provide sufficient guidance. The letter will be shared with other state societies. The California Board of Accountancy is reviewing the California audit documentation law for conformity with national standards. The CBA Qualification Committee is exploring increasing the required attest hours from 500 to 1,000 and having the distinction to perform attest services noted on the license. These proposed changes would mean that California is further away from conformity with the Uniform Accountancy Act and would worsen mobility. Although CalCPA has voted in support of the UAA, it is time to refresh that commitment and the Government Relations Committee will come to the January meeting asking for this. May 29, 2007 will be CPA Day in Sacramento.

### **Board Liaison Reports**

The Business and Industry Committee is changing from a state committee to an advisory panel so that there can be broader participation by various industries and levels in industries. Board liaisons will be reimbursed for the cost of attending one of the meetings of each committee each year.

### **Bylaws**

Greg Burke reported on clean-up bylaw changes. The offices of secretary and treasurer are being combined. Under the 2004 Nonprofit Integrity Act changes had to be made to the appointing of the Audit Committee by the Council rather than the chair and who may serve on the audit committee. Through the consolidation of CalCPA's financial statements with Education

Foundation, the changes to the audit committee rules are necessary. The Board approved bringing these changes to Council for their approval.

The meeting adjourned at 1:40 p.m.