

CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
Board of Directors Meeting
Minutes

Friday, May 5, 2006

Hotel Del Coronado
Coronado, California

Members Present	Staff Present	Guest Present
Chris Yahng, Chair	Loretta Doon	Andrea Cope
Paul Regan	John Angelo	Gale Case (Conference Call)
Marc Parkinson	Clar Rosso	John Phillips (Conference Call)
Teresa Mason	Sarah St. Charles	
Dennis Young	Linda McCrone	
Joan Alleckson	Kristin Klingvall	
Mark Dauberman	Maria Nazario	
Greg Burke		
Janice Carr		
Paul Herrerias		
Margaret Hesse		
Beverly Brautigam		
Steve Kramer (Conference Call)		
Stu Robken		

Action Items

- The board unanimously approved the December 2, 2005 board minutes.
- The board unanimously approved the 2006-07 budget for approval by council.
- The board unanimously approved to update the authorized signers on all CalCPA's investment and banking accounts to include Loretta Doon and Kristin Klingvall and remove Donna Lekosky.
- The board unanimously approved that the designated building fund be increased by \$1.5 million subject to approval of council.

Chair Report

Chris Yahng described the great success of the California Summit on Financial Literacy held in Sacramento in April. There were great speakers, including John Bryant and Carrie Schwab, and over 500 people attended of which only twenty-five percent or less were members. With this program CalCPA and the profession's viability to legislators, journalists, students and educators have been substantially increased. In conjunction with this event, proposed legislation has been introduced into the California legislature to have financial literacy be part of the required economic class in the senior year of high school. The day before the summit, the Dollars and Sense program was brought to a Sacramento high school and with the assistance of our members and Beta Alpha Psi college students over half of the senior class was trained. A Dollars and Sense program for the California legislature staff is being organized. Many other exciting

opportunities are presenting themselves daily. Clar Rosso is commended for putting together such a successful event that has taken us to another level with the public and the membership.

At the AICPA Council regional meeting, the AICPA started discussing proposed by law changes that by 2012 for CPAs in states that do not require 150 semester units of education for CPA licensure new CPAs from those states cannot become AICPA members unless they have the 150 semester units of education. However once a state adds this requirement, all CPAs from that state will be grandfathered in. In California we have two pathways to licensure, one with the 150 hour requirement and one without it. The pathway without the requirement is the most common choice.

First Vice Chair Report

Marc Parkinson has completed the chair committee appointments for the 2006-07 year and is working on the June Council meeting which will include at least one day of CPE before the meeting. Congressman John Campbell will be receiving the Distinguished Service Award at the meeting. The first large firm conference call for the fifty largest CPA firms in California, who are not the Big Four, was held recently. Through the use of focus groups and the contacting of members by our Associate Directors, there was extensive participation and important relationships were established.

Treasurer Report

Teresa Mason went over the 2006-07 budget and it was approved to be brought to Council for their approval. The Finance Committee has established an Investment Subcommittee to oversee investments and report back to them. A signature card on an investment account needed to be changed and the board made this into a general motion on all bank and investment accounts that was approved.

Education Foundation Report

Beverly Brautigam reported that the Education Foundation has had a successful year. They are experiencing a significant increase in facilities cost this year which will result in an increase in fees for the courses and VP program in the upcoming year. Paul Regan who is chair of the nominations committee went over the trustee and officer candidates that will be elected at the annual meeting of the Education Foundation held in conjunction with CalCPA's annual meeting. They are: David Primes, Patricia Cochran, Kathleen Wright, Bob Jones, Pamela Kelty, Richard Gilbert, Richard Savich and Daniel Thomas.

Government Relations Report

Loretta Doon informed us that the CPA-PAC has given \$25,000 each to the Democratic, Republican parties and various others throughout the state. Government relations division has planned an important day at the Capital for our members to speak with assemblymen and senators on Wednesday, May 10. Of particular importance is AB 1868 that CalCPA is sponsoring, which would make changes to the practice privilege statute that went into effect in January 2006. The bill is supported by the California Board of Accountancy. Also, SB 1550 requires a new licensing structure for trustees who would be considered professional fiduciaries.

CalCPA seeks to amend this bill to add CPAs to the exception for licensure that already exists in the bill for attorneys and banks. CalCPA members Robert Petersen (Saratoga) and Angela Chi (Fresno) have been appointed to the California Board of Accountancy.

CEO and COO Report

Loretta Doon reported that the sharing of services continues to be a great success and is a contributing factor to the excess of revenue over expenses this year. The team approach for AM4 was extremely successful and that approach will be used for financial literacy, young emerging professionals and membership development. Effective June 1, there will be some changes in associate directors' assignments to chapters and state committees to make the assignments relate better to where the person is located. Matt Koontz who is moving to San Diego will split his time between being associate director for the San Diego chapter and working for the communications department. Vince Chin is moving to Sacramento and has been assigned chapters in that vicinity. With the increase in the number of accounting students and the strong job market, a major focus of the upcoming year will be the young emerging professional, including a conference that Kay Phelan is spearheading. Relationship building and outreach to related organizations and other groups is expanding and emerging.

Facilities Task Force Report

Paul Regan went over graphics showing that the purchase price of real estate in the Bay Area has stayed flat, even though rent has gone down. However with several years remaining on our lease, the Facilities Task Force plans to start meeting more frequently. In preparation for the purchase of a building they are recommending an increase of \$1.5 million to the building reserve to bring it to \$3.5 million. The board approved this addition to the building reserve to go to council for their approval.

Department Reports

Sarah St. Charles explained some of the difficulties in hiring foreign interns from her research and suggested an information article in the magazine with more detail posted on the web site.

Clar Rosso is scheduling industry focus groups at the end of this month and is doing market research on candidates and young professionals. She has hired a new public relations group that is already showing results in outreach. There was a new radio ad in April and there will be advertising every month next year. The IRS is giving CalCPA an award in June for assisting in the Katrina recovery efforts.

Maria Nazario reported that there have been over 14,000 events this year and that chapters have given over \$200,000 in scholarships that are in some instances the largest scholarships given at some colleges. The Litigation Sections have been in existence for ten years and are working on ways to celebrate this accomplishment. Next year associate directors will be meeting with the managing partners of large firms and with the financial officers of large employers. By July 2006 all chapter bulletins will be electronic. All chapter coordinators have received laptops and will soon be able to take credit cards at events.

Report on CEO Goals and Performance

A closed session was held. After the closed session, Chris Yahng did report that on May 1, 2006, the Board of Directors of CalCPA and the Trustees of the Education Foundation named Loretta Doon as CEO over both organizations. John Dunleavy remains as Executive Director of the Education Foundation. He will continue to oversee the Foundation team and be responsible for all Foundation operations.

Nominations to GIT Board

By teleconference Gale Case and John Phillips explained that four current trustees are being re-nominated because they have valuable knowledge and experience of GIT and have important responsibilities. They requested that the board join GIT in recommending to Council in June that these trustees be elected. By unanimous vote the board agreed to the recommendation.

Department Reports, cont.

Linda McCrone reported that a peer review task force of the AICPA Board of Directors issued a paper supporting the elimination of letters of comments from peer review. Another important issue that is being discussed at AICPA Council meetings is transparency which would require a vote of the AICPA membership. Should the peer reviews of firms be available to the public? If not available to the public, should they be available to state boards of accountancy? The California Peer Review Committee will present its opinion on these matters at the June Council meeting. Also, GASB Statement No. 45 requires governmental entities to actuarially value postemployment benefits other than pensions using a thirty year period to amortize unfunded actuarial liabilities. Presently governmental entities describe the plan and present pay-as-you-go information. The effective dates for this pronouncement are spread over several years depending on the size of the government starting with years ending December 31, 2008 or later. Many governmental entities offer health care for retirees and very few have prefunded these liabilities.

John Angelo commented on the success of the Business & Industry Committee monthly audio conferences and annual conference. The Accounting Education Committee will be holding several roundtables at their May meeting. The top issues from the November 2005 and January 2006 council breakouts are being reviewed and acted upon. These matters have already been incorporated in articles and conferences. Clar Rosso is working on several focus groups to further refine the information.

Open Forum

Open forum was held.

The meeting adjourned at 2:30 p.m.