

CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**BOARD OF DIRECTORS MEETING
MINUTES**

**Friday,
January 18, 2002**

**Sheraton El Conquistador
Tucson, Arizona**

Attendees:

David George (Chair)
Mark Dauberman
Terry Emerick
Ev Harry
Don Gurse
John Levy
Teresa Mason
Dan O'Hare
Jessie Powell
Paul Regan
Florence Rust
Nancy Wheeler
Steve Wimmers
Gregg Wind
Chris Yahng

Staff Members

Bruce Allen
John Angelo
Donna Lekosky
Linda McCrone
Curt Olsen
Sarah St. Charles
Susan Waters

Guests

Diana Sanderson

Action Items

The Board approved the September Board Minutes and the December Board Conference call and reviewed the November Council minutes.

The Board approved that up to \$15,000 be set aside from the Contingency Fund to do a Pension Plan study.

The Board approved an additional \$100,000 from the Contingency fund to support CalCPA efforts in light of the Andersen/Enron matter and potential legislative follow up.

The Board approved a request for \$5,000 from the Contingency Fund to cover extraordinary mailing regarding IISBP.

Consent Agenda

Chairman David George opened the meeting at 8:30 AM. The Board approved the September Board minutes, the December Board Conference call minutes and reviewed the November Council minutes, and the with the following changes:

1. Page 20 of the November Council minutes paragraph above Foundation Report, second sentence should read- after review of Mr. Maggard's race and qualifications, the motion was passed to endorse Mike Maggard for the 32nd Assembly District.
2. John Levy proposed that pages 7 and 8 containing individual comments regarding proposed move to Sacramento be deleted.
3. Don Gursej requested that future meeting minutes should be brief and that they should include action items and things relevant to those items.

Facilities Relocation Task Force

David George reported that a Facilities Relocation Task Force had been formed and would be chaired by Paul Regan, Foundation Chair. Other Task Force members named are: Steve Lund, Steve Throop, Susan Waters, John Dodsworth, John Dunleavy and John Phillips plus one Volunteer Member Leader from each organization. Mr. George reported that the Task Forces Charge would be to meet at least annually and report at least annually at the time and location of the mid-year Council meeting customarily associated with the Annual Members Meeting, to review and recommend to the CalCPA real estate opportunities available to CalCPA and it's sister organizations in connection with existing real property lease obligations and it's impact upon the organization. The Task Force should conclude the study by the end of the existing lease on Radio Road in Redwood City.

CalCPA Retirement Plan

David George reported that a Pension Plan Task Force was being formed and that Don Gursej would chair. The Board approved a motion to set aside up to \$15,000 from the Contingency Fund to have an independent consultant do a study on Pension Plans. It was also reported that Bob Peterson would provide input to the task force.

Government Relations Report

Chairman David George opened the Government Relations Report by informing the Board of the events that took place at the Government Relations Committee earlier that week. He informed the Board that the Chairman of the Assembly Committee on Business and Professions, Lou Correa had appeared before the committee at our request to discuss what might be on his agenda for the accounting profession this year. In short we were informed that his committee would hold a hearing on February 19, 2002, to investigate the profession. He stated that he was not after the profession. He just wanted a discussion to take place on what California might do in light of the Andersen/Enron issue. Mr. George reported that shortly after the chairman left we reviewed a press release that was stronger than what the chairman led us to believe and appeared to attack the profession. Bruce Allen then led a discussion on the need to form a Legislative Action Group to respond to Legislative developments on short notice. It was agreed that such a group should be formed under the Government Relation Committees leadership. It was also agreed that Government Relations and Communications staff teams would closely coordinate. It was further agreed that a longer review group should be formed if one was needed. The Board also allocated an additional \$100,000 from the contingency

fund to support CalCPAs effort in this matter. Mr. Allen also reported on other matters, which included the activities of the Board of Accountancy and CPAPAC.

PAC Report

The PAC committee met and reviewed a strategy for election year contributions.

A membership solicitation scheduled for the 1st quarter will be delayed in light of the legislative activities in the current year.

ASAE Operations Review

Susan Waters reported on the results of the ASAE Operational review in which CalCPA received recommendations on ten matters. While the review went e well there were several areas for which the review team made recommendations. Recommendations that the staff, along with input from the Board are reviewing are:

*Strategic Planning

*A review of our reserve policy in spite of the fact our auditors felt reserves were excessive

*Pension Review

*Database Review

*PAC solicitations

Susan also noted that the reserve policies will be reviewed by the Finance Committee and a recommendation will go to the Board.

Results of Non-Member Survey

Susan Waters reported that most surprisingly the observation that the survey of non-members was conducted post 9/11/01 was in essence very little difference between our member survey cionducted earlier in the year.

Some recommendations included recruitment of former members and possibly creating a web only membership. A CalCPA promotional mailing went out in December to 22, 2000 non-members including a local chapter bulletin.

Strategic Planning

Susan Waters reviewed our work with The Grove and that the evaluations reflected that those who attended either loved it or they hated it. The November portion was cancelled. The Grove and Ellen Leven didn't work very well with our members.

A CPA/SEA Prototype Strategy Matrix was introduced and Susan asked the Board for their support going forward.

The board agreed to support going ahead with getting a proposal to utilize the strategy matrix.

Nomination and Leadership Development Committee

Diana Sanderson announced the guidelines the committee developed for the process. The committee developed operating guidelines and updated job descriptions for the leadership. In June they want to do a post mortem on the process and they feel it important that there be more structure and experience required.

Ms. Sanderson then announced the results from the nominations that were made:

Chair	Nancy Wheeler
First Vice Chair	Steve Wimmers
Treasurer	Jessie Powell
Vice Chair	Jerry Nightingale; Chris Yahng
Council Member At Large	Kendall Wheeler; Ilene Eisen; Mark Dauberman

Members will vote at the Annual Business Meeting on July 12, 2002. Nominations will close on May 1, 2002 and they will accept nominations from the floor on June 12.

The Board discussed having a two-day training for incoming Council in June. It was also decided that the chapters could invite other people to council orientation and that the chapters would pay expenses.

Scholarship Fund

Mark Dauberman presented the proposed scholarship guidelines that were put together by the task force consisting of the Membership Committee, Diversity Task Force and the Accounting Education Committee. The guidelines were also reviewed and discussed at a meeting of the Accounting Education Committee.

Mark explained that the guidelines consist of two components:

- 1) guidelines for the use of the scholarship fund portion retained at the state level (25%) and
- 2) suggested guidelines for the use of the (75%) retained at the chapter level

Mark noted that all chapters presently have a scholarship program, each unique to that chapter, and that these guidelines were not intended as mandates, but rather guidelines to be considered and discussed at each chapter. These guidelines encourage scholarships of larger dollar amounts with distribution over multiple years, providing a student maintains a certain level of accomplishment and achievement.

The state level guidelines offer several possible distribution plans including:

- Chapters could request funds, particularly if an individual was deserving of recognition beyond the available fund level.
- Unsolicited allocations to chapters needing support.
- Special recognition to individuals such as an accounting educator whose efforts can have a positive effect on a multiple number of students
- Supporting existing established programs that attract young people or minorities into the profession. Programs examples would be ACAP and California Jump Start.

The Board accepted the report unanimously.

Contingency Fund Requests

Susan Waters brought forth a request for dollars to be set aside from the Contingency Fund to be set aside for the pension plan study and for extraordinary post card mailing regarding IISBP (Global Credential). The Board approved the motion that up to \$15,000 for the pension plan study and \$5,000 for IISBP.

Education Foundation Report

Paul Regan reported that the Foundation would be holding prices on courses as is for next year and will continue to provide free courses to all new chapter members.

Western Schools continues to be successful from P&L perspective and is helping the bottom line. Where they have been hit hard in revenue is in conferences and attendance in courses is down due to the September 11, 2001 tragedies.

Mr. Regan reported that indirect expenses are up mostly because they are still spending money on AM4 customization and the amortization of the purchase of Western Schools.

Results revenue will soon drop off. So there not making as much money as they used to all attributable to the current economy.

Treasurers Report

Jessie Powell, Treasurer, explained that she had been out of town for the past several weeks and that Donna Lekosky, Director of Finance, would be present the financial statements.

Donna presented CalCPA's financial statements for the seven months ending November 30, 2001. Revenues are below budget primarily due to member renewals and chapter meetings and events. Although the chapter meeting and event variance is a timing difference, we do expect member renewals to be 1% below budget for the year. The net publications gain (loss) is slightly under budget, with the publications revenue shortfall being offset by the cost savings in the cost of publications sold.

Expenses are below budget throughout the Society, primarily due to timing differences. The statement of activities includes actual contingency spending of \$17K compared to a budget of \$175K, resulting in a variance of \$158K. Other significant variances include salaries and benefits (\$82k), chapter meeting expenses (\$137K) and printing (85K).

Net investment losses, which are not budgeted, totaled 130K as of November 30, 2001. Donna reported that CalCPA experienced an unrealized investment gain of \$113K in November.

Turning to the balance sheet, Donna noted we have \$6.1M in cash, including \$3M of the \$4M excess cash transferred to Solomon Smith Barney last August. Accounts payable as

of November 30,2001 are down significantly from April 30, 2001 due to the fact that a complete accounts payable cutoff is performed only at year end.

Donna referred the Board to the Peer Review financial statements included in the board packet. The financials show the Peer Review program to be near breakeven for the seven months ending November 30, 2001.

There were no questions regarding the financial statements.

Student Outreach

Curt Olsen presented on the efforts so far on the Student Outreach Program. Quest magazine a publication targeting high school students had been published and 9,418 have been distributed to high schools, colleges, CalCPA leadership, Chapter volunteers and Membership Development.

BETA ALPHA PSI

CalCPA and the member relations division have pursued a collaborative relationship with Beta Alpha Psi (BAP) to encourage and support students entering the profession.

The Director of Member Relations contacted the president of each BAP chapter in California to introduce them to CalCPA and the opportunities for building alliances between our organizations. They were each extended the offer of a complimentary student membership. The contact was made by e-mail and the membership offer was also made available with an online process and suggested touring our website and reviewing our resources and the benefits of membership.

The national organization of Beta Alpha Psi has been in the process of creating a "Regional Associates Program", much like the national associates that include the Big 5 firm's sponsorship. CalCPA is proud to have recently become the first regional associate of Beta Alpha Psi..

We have recently participated in Beta Alpha Psi Western Regional Conference January 18 held at USC. Member leader Mark Dauberman spoke on the changes in the licensing requirements and CalCPA staff Maria Nazario spoke on CalCPA and the opportunities for BAP Chapters and CalCPA Chapters to work together in fulfilling mutual goals.