

CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

COUNCIL MEETING MINUTES

**Friday-Saturday
January 10-11, 2003**

**The Westin Horton Plaza
San Diego, CA**

Council Members

Nancy Wheeler-Chandler-Chair

Chris Aasness
Dale Bender
John Benson
Annise Brokstein
Joe Bunker
Ellyn Carlson
Janice Carr
Gale Case
Mark Dauberman
Ronald Dill
David Duner
Mitra Ehsanipour
Ilene Eisen
Michael Eisenberg
James Fastovsky
Gary Finkel
Mary Kay Foss
David George
Bruce Gray
Charles Gumbiner
Donald Gurse
Linda Heineman
Paul Herrerias
Cameron Hess
Vanessa Hill
Robert Jones
Eduardo Jordan
Pamela Kelty
John Kennerson
Michael Klarin
Steven Kramer
Paul Kuperstein
John Levy
Howard Loomis
Stephen Lozano

James Lutz
David Marion
Teresa Mason
John McWilliams
Andy Mintzer
Clayton Mitchell
Benjamin Mozzetti
Jerry Nightingale
Robert Nilssen
Daniel O'Hare
Marc Parkinson
Jessie Powell
D. Paul Regan
Stuart Robken
Patrick Rogan
Barbara Rosenbaum
J. Russell Roy
Larry Russell
Florence Rust
Diana Sanderson
Harold Schultz
Terrance Seiberlich
Jeanne Shannon
Pamela Thompson
Stephen Throop
Michael Ueltzen
Lammert Van Laar
Michelle Walters
Kendall Wheeler
Ann Wilson
Steve Wimmers
Gregg Wind
Diane Wondolowski
Christopher Yahng
Dennis Young

Past Chairs Present-Voting

Dennis Brach
Gale Case
David George
Donald Gurse

Paul Kuperstein
Diana Sanderson
Harold Schultz
Michael Ueltzen

Past Chairs Present-Non Voting

Robert Ford
James Kuhn

AICPA California Delegation Present:

Janice Carr
David George
Donald Gurse
Paul Kuperstein

Harold Schultz
Nancy Wheeler-Chandler
Steve Wimmers
Gregg Wind

Parliamentarian:

Robert Peck

Staff Present:

Susan Waters, CEO
Bruce Allen
John Angelo
Vince Chin
John Dunleavy
Pat Kilner
Susan Klein
Donna Lekosky

Linda McCrone
Lisa McTaggart
Maria Nazario
John Phillips
Clar Rosso
Sarah St. Charles
Jeannie Tindel

Guests:

Timothy Anderson
Sandra Collins
Nancy Kearson
Jeanne Laye

Jerry Sample
Richard Teaman
Lou Robken

Action Items

(Motions are appended to the minutes)

- The Council approved the consent agenda which included approving the day's agenda and the July 2002 Council minutes, as well as reviewing the July 2002 Annual Members Business Meeting minutes, August 2002 Board Conference Call minutes and November 2002 Board minutes.

- The council approved a motion that Council members in attendance at council meeting during the nomination process on the first day, but leaving before the official vote is taken be permitted to vote for Council representatives to the Nomination and Leadership Development Committee. Those that attend on the second day only will vote during the regular voting process for the January 10-11, 2003 Council Mtg.
- The council approved a motion to approve the bylaw amendments as presented by the Bylaws Implementation Task Force.
- The council approved a motion that the 2003-04 budget guidelines recommended by the Finance Committee and approved by the Board of Directors be adopted.
- Council approved a motion that the FY 04 interim budget recommended by the Finance Committee and approved by the Board of Directors be adopted.
- The council approved a motion that Amendment Number One to the Pension Plan for the Employees of the California Society of Certified Public Accountants and the amended Plan as restated be adopted.
- Council approved a motion to change the name of the Citrus Belt Chapter to the Inland Empire Chapter.
- Council approved a motion that the procedure to vote on the bylaw amendment encompass option #2 and option #3.
- Council elected Annise Brokstein, Ben Mozzetti and Stu Robken to the Nominations and Leadership Development Committee for 2003-05

Chair's Report

Nancy Wheeler-Chandler welcomed the group. In her chair's report she introduced candidates running for statewide CalCPA offices as well as members of the 2002-03 Nominations and Leadership Development Committee. Wheeler-Chandler noted that the nominations to AICPA Council positions were well-publicized in CalCPA's publications and on the website. She thanked people for their tremendous interest in AICPA Council positions and noted that after reviewing the nominees with the other officers, she will personally notify all the candidates of the results.

First Vice Chair Report

Steve Wimmers welcomed council members to San Diego. He introduced San Diego Chapter members who were present at the meeting and reviewed the schedule of future meetings.

Wimmers also reported on AICPA Council meeting. He noted that the incoming Presidents of the 10 largest state societies, who represent 62% of the AICPA membership, agreed to meet regularly (quarterly). He noted that there was high interest from other states on California's regulatory/legislative climate. Wimmers announced that AICPA Chair Bill Ezzell was ill and would not attend the CalCPA Council meeting.

Nominations for At Large Members of Nomination & Leadership Development Committee

Susan Waters reported that council members were advised in advance, in the council packet, that the council would accept nominees for the 2003-05 Nominations and Leadership Development Committee until lunchtime on Friday and that voting would take place Saturday a.m. After some discussion the council passed a motion that would allow council members who would not be present Saturday to vote Friday.

AICPA Public Service Award Recognition

Susan Waters made a special presentation on behalf of the AICPA to Hal Schultz. She presented him with a certificate recognizing him for his achievement as the 2002 California Society of CPAs' Public Service Award winner.

Applications to CalCPA Nominations and Leadership Committee

Paul Kuperstein asked all nominees for statewide offices to stand and recognized members of the Nominations and Leadership Development Committee. He noted that the committee would meet Jan. 24, 2003.

Bylaws Implementation Task Force Report

Steve Wimmers presented the report of the Bylaws Implementation Task Force. He thanked members of task force for their work and reviewed five bylaw amendments. Wimmers noted the origin of each amendment as well as related key issues. He reported that the Board had approved the bylaw amendments for Council approval at its November 2002 meeting.

The council approved amendments to Articles VI and XIV and removal of Article XV from the CalCPA Bylaws. The amendments do not require a vote of the membership.

Wimmers presented a task force request that the Board and/or Council review the status of the Bylaws Implementation Task Force and determine if it needs to become a standing committee of CalCPA, or if the duties are to be assigned to another committee, particularly as we recommended the elimination of Article XV – Transition Provisions.

Treasurer's Report

Jessie Powell gave the treasurer's report. She reported on CalCPA's current financial statements, including discussing the change in CalCPA's investment portfolio and the impact of that change. Powell reviewed the rationale behind the contingency fund. Powell pointed out CalCPA's new investment policy in the council packet, which was included as an information item.

Powell presented the council with the 2003-04 budget guidelines. The council approved the guidelines.

Powell presented the proposal for an interim budget. An error was noted on top of page 3 of the interim budget proposal, Aug. 1, 2003 should be Aug. 1, 2002. Powell explained how the interim budget was developed. The council approved the interim budget. Powell noted that the Finance Committee will make a presentation to the Board at its February 2003 meeting regarding a possible change in budget year.

Pension Plan Report

Sarah St. Charles directed council members to their packet and presented the proposed amendment to CalCPA's pension plan. The amendment was approved.

Strategic Planning

Susan Waters reported on CalCPA's strategic plan. She reviewed the overall process and updated the group on the tactic generation and most recent steps. Waters directed the council to review the proposed projects and work with staff liaisons to implement the plan. She reviewed the difference between proposed, ongoing and rejected tactics. Waters reinforced that the strategic plan is a living document, and a 3-5 year implementation period had been previously approved by the

Council. Discussion followed about how to best synthesize the strategic plan into an easily digestible form. Waters agreed to work with volunteers, re-sort the information and make a presentation in the morning.

Committee on the Future of California's Professional Accountants

Susan Waters updated the council on the Committee on the Future of California's Professional Accountants, including reviewing the committee's members. She reported that the timing of the committee's report is April 2003.

Education Foundation Report

Mark Parkinson referred council members to the Education Foundation information found in the packet. He noted the roster of trustees, CE week schedule for 2003-04 and the Education Foundation's three-year strategic plan. Parkinson reviewed the Foundation's Nominations Committee members and calendar. He reviewed the Foundation's financial statements and noted they were on their way to achieving a break-even budget for the year.

Don Gurse asked Parkinson if he was willing to entertain creation of a joint task force to review consolidation of expenses and efforts between CalCPA and the Education Foundation. Wheeler-Chandler and Parkinson agreed to discuss.

AICPA Update

Nancy Wheeler-Chandler gave an AICPA update. She reported on the fall AICPA Council meeting in Maui. In particular she noted that the AICPA has a new arrangement with CPA2Biz. The AICPA pays CPA2Biz for marketing, technology and the website. Wheeler-Chandler reported on NASBA's update on the computerization of CPA Exam, as well as XBRL and SAS 99 and other AICPA efforts related to fraud detection and prevention. She noted that AICPA Chair Bill Ezzell is California's liaison on the AICPA Board.

Wheeler-Chandler referred the group to Tab 9 of the council packet that listed California members of AICPA Committees.

Chapter Name Change

David Marion, president of the Citrus Belt Chapter presented a proposal to change the name of the Citrus Belt Chapter to Inland Empire Chapter. He noted that this has been under discussion at the chapter level for two years. The motion passed unanimously.

Process for Voting on Bylaws Change Proposal

Nancy Wheeler-Chandler presented alternatives and costs for members to vote on a bylaw change that was presented at the July 2002 council meeting. A motion by Dennis Young to have members vote on the bylaw change at the annual meeting failed. Considerable discussion about the issue followed. Kendall Wheeler presented a motion that eventually passed for members to be given the option to either complete a written ballot or to vote online. Some discussion was had about whether or not to ask members to certify that they would vote only once.

Adjourned for the day

Saturday, Jan. 11, 2003

Government Relations Report

Mike Ueltzen, Hal Schultz and Bruce Allen presented the Government Relations Report. Ueltzen indicated that he and Hal Schultz were co-chairing the Government Relations Committee and that Schultz was focused on regulation and would continue to attend all California Board of Accountancy meetings. Ueltzen would continue his focus on legislation. Ueltzen reported that when Council last met many legislative issues were still in flux. Those have been resolved. CalCPA was effective in neutralizing many of the most egregious of the legislative proposals. He reviewed the highlights of all of the legislation related to accountancy that was passed and indicated that the sunset for Multiple Employer Welfare Arrangements was successfully eliminated.

Implementation of Sarbanes-Oxley has now begun and there is substantial risk that the standards being adopted by the SEC will impact audits of non-public companies. The SEC is proposing regulations with a 30 day exposure period. Those related to independence had been circulated to every CalCPA Committee. The deadline for comment was 9 a.m. Jan. 13. No comments had been received.

Hal Schultz reviewed the CBA's composition and the Task Force that the CBA has appointed to develop a report on whether the CBA should implement the mandatory peer review requirement that is statutorily mandated to begin in 2006.

Schultz briefly reviewed the CBA's proposed regulations related to, among other things reportable events, audit documentation, notice of non-licensee ownership, audit retention, changes in audit documentation after issuance of the report, fees, continuing education, and the computerized exam. He encouraged everyone to review and comment on the proposed regulations. Those with questions were encouraged to call the Sacramento office for assistance in commenting.

Bruce Allen reviewed the size of the state budget problem and indicated that there were conversations about imposing a tax on personal services. Assembly Member Correa has indicated that his new focus would be corporate governance, but there are other issues like school district auditor rotation, CBA Sunset and clean up legislation related to our issues that might come forward. He indicated that all leaders should review the handout on being active in Government Relations to ensure that legislators were informed in advance and knew CPAs when the time came for contacting the legislature.

In response to a question, it was agreed that CalCPA would only call on members to attend a Sacramento Legislative Day if it was important that one be scheduled. It would be a last minute call to action. He encouraged PAC contributions.

Communications Report

Clar Rosso reported on communications activities. She noted that CalCPA Daily Clips which had recently been launched to the membership was off to a very successful start, almost 95 percent subscription retention rate. Rosso announced CalCPA new managing editor was Aldo Maragoni and encouraged member groups to e-mail articles or ideas to editor@calcpa.org. She reported on the past fall's image advertising effort and reviewed the upcoming schedule. Rosso noted that the public relations activities were brisk and that communications was committed to providing

increased media training in 2003. She also updated the group on online activities. Rosso's report was followed by a presentation from Pamela Thompson, Communications Advisory Committee chair, geared toward increasing participation in student outreach. Past volunteers were recognized and a panel of volunteers responded to questions about student outreach.

Members in Industry Report

Clar Rosso reminded the group of selected members in industry survey results that were shared at the July 2002 council meeting. These included that industry members were interested in a publication specifically for them and that their preferred delivery method for information was electronic. She noted that CalCPA has a higher percentage of industry members' e-mails as compared to the entire membership. Rosso called attention to survey results in the packet which indicate that members are interested accounting, tax and general business information from CalCPA, not industry-specific information. She told the group a bi-weekly industry BUZZ would launch in February and would be developed with the assistance of an advisory group of members.

Strategic Planning Process Update

Paul Herrerias discussed an effort Friday afternoon to focus available information from the strategic plan so that it would be easy for member leaders to communicate. The end result was distilling the plan into the following three key areas of focus:

1) Strengthening Our Profession

- * Representation: Efforts to protect the public and the profession.
- * Recruiting: Attracting the best and the brightest to the accounting profession.
- * Public Relations: Promoting the value of the CPA.

2) Contributing to the Success of Our Members

- * CPE: Local, high quality, low cost continuing profession education.
- * Networking: Local networking, relationship building, leadership training and opportunities.
- * Recruiting: Developing a pool of potential future employees.

3) Ensuring the Success of CalCPA

- * Membership: Increasing membership volume, interest and activity.
- * Technology: Using technology to communicate with and serve members.
 - Financial Health: Modeling a fiscally responsible organization that provides for a growing future.

The areas of focus were vetted against the organizational objectives and strategies and showed strong integrity in the planning document and alignment between the elements of the plan. It was agreed that this information would be sent to council members and made available on the website.

Nomination and Leadership Development Committee

Nancy Wheeler-Chandler reported that Annise Brokstein, Ben Mozzetti and Stu Robken had been elected to serve a two-year term for 2003-05 on the Nomination and Leadership Development Committee.

MAP Survey Update

Rusty Roy and Maria Nazario reviewed the goals and results of the 2002 MAP Survey. They noted that the 2002 National MAP Survey had 42 participating states and that 16 percent of all participants were California firms—the highest participation by any state. Roy and Nazario then

provided significant detail on how results were presented. Roy queried the council in several areas to help the committee provide input on future MAP surveys. Key highlights of the 2002 survey results were presented.

CEO Report

Susan Waters gave her CEO report. She shared with the group Gallup Poll results from November 2002 that ranked nurses most highly in terms of honesty and ethics, and car salesmen and telemarketers last. She noted that among the business professions, accountants were ranked the most positively and were slightly more favored than bankers. The favorable rating for accountants of 35%, is good considering that over a 25-year period, CPAs have averaged 37%.

She reminded members that CPAs are part of a profession, not an industry or trade group.

Following a brief Open Forum, the meeting adjourned at 11:26 a.m.

2002-03 Nomination & Leadership Development Committee

Chair: Paul D. Kuperstein
Appointee: Donald L. Gurse



2-year Term: 2002-2004

2-yr Term: 2001-2003

Bakersfield – Patrick Paggi	Central Coast – Jack Robison
Channel Counties – Eileen Sheridan	Citrus Belt – Rich Teaman
East Bay – Jeanne Laye	Fresno – Doyle Daniel
Los Angeles – Barbara Rosenbaum	OC/LB – Tony Teng
Peninsula Silicon Valley – Dennis Young	Sacramento – Gregg Burke
San Diego – Steve Kramer	San Francisco – Sandy Collins
San Joaquin – Linda Williams	Silicon Valley San Jose – John Bellitto

Continuing at-large members 2-year term 2002-2004

Andy Mintzer Larry Russell

At-large members 2-yr term 2003-2005

3 at large members to be elected at Council meeting on January 11, 2003

**2003 NOMINATION AND LEADERSHIP
DEVELOPMENT COMMITTEE
CANDIDATES FOR AT-LARGE POSITIONS**



California
Society
Certified
Public
Accountants

**Vote for up to 3 from the list
To be elected for a term of 2003-2005**

- Annisie Brokstein-East Bay
Chapter**
- Stu Robken-Sacramento
Chapter**
- Gary Finkel-Los Angeles
Chapter**
- Ellyn Carlson-Los Angeles
Chapter**
- Ben Mozzetti-Silicon Valley
San Jose Chapter**



Election Results

**Elected for a 2 year term: 2003-
2005**

- Annise Brokstein**
- Ben Mozzetti**
- Stu Robken**

Congratulations!



California
Society
Certified
Public
Accountants



Motion Form

Date: 01-10-03

We move ,

Motion: That the 2003-2004 Budget Guidelines recommended by the Finance Committee and approved by the Board of Directors be adopted.

Motion Passed

Maker: Finance Committee

Second: Comes from committee and does not need a second



Motion Form

Date: January 10, 2003

I (we) move (amend),

Motion: To vote on the bylaw amendment using option #1, to vote at the Annual Members Meeting in July.

Motion failed.

Maker: Dennis Young
Second: Steve Kramer



Motion Form

Date: January 10, 2003

I (we) move (amend),

Motion: That the procedure to vote on the bylaw amendment encompass option #2 and option #3.

Motion passed 40 yes
29 no

Maker: Kendall Wheeler
Second: Mark Dauberman



Motion Form

Date: January 10, 2003

I move ,

Motion:

That Council Members in attendance at Council Mtg during the nomination process on the first day, but leaving before the official vote is taken be permitted to vote for Council representatives to the Nomination and Leadership Development Committee. Those that attend on the second day only will vote during the regular voting process. For the January 10-11, 2003 Council Mtg.

Motion passed: 34 yes
33 no

Maker: John Levy

Second: John Benson



Motion Form

Date: January 10, 2003

We move ,

Motion:

To amend-Article XV, Sections (1), (2) and (3) by deletion
Motion Passed

Maker: Bylaws Committee

Second: Not needed



Motion Form

Date: January 10, 2003

We move ,

Motion:

To amend-Article VI (6) (e) & (f) to read as follows:

(e) Shall determine the role of the CEO; and

(f) Shall not alter, amend or rescind any resolution or motion duly adopted at any properly assembled meeting of the CalCPA membership in accordance with the bylaws.

Motion Passed

Maker: Bylaws Committee

Second: Not needed



Motion Form

Date: January 10, 2003

We move ,

Motion:

To amend-Article XIV, Section (3) to strike this sentence from the bylaws:

‘The right to indemnity provided in this article XIV shall apply to any agent of CalCPA who is or was a trustee, investments manager or other fiduciary of a CalCPA employee benefit plan in such person’s capacity as such’.

Maker: Bylaws Committee

Second: Not needed



Motion Form

Date: January 10, 2003

We move ,

Motion:

To approve the fiscal year 2004 interim budget for the period May 1 through July 31, 2003. Motion Passed

Maker: Finance Committee

Second: Not needed



Motion Form

Date: January 10, 2003

We move ,

Motion:

To change to name of the Citrus Belt Chapter to Inland Empire Chapter

Motion Passed

Maker: Citrus Belt Chapter

Second: Not needed



Motion Form

Date: January 10, 2003

We move ,

Motion:

To amend the Pension Plan for employees of CalCPA as required by the IRS

Motion Passed

Maker: Finance Committee

Second: Not needed