

**CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**COUNCIL MEETING  
MINUTES**

**Friday-Saturday  
July 20-21, 2001**

**Sheraton Hotel & Towers  
Seattle, Washington**

---

**COUNCIL MEMBERS PRESENT:**

**David L. George, Chair**

Christopher Assness  
Sally Arnold  
John Bellitto  
John Benson  
Helene Blumner  
Annise Brokstein  
Joseph Bunker  
Rea Campbell  
John Costello  
Mark Dauberman  
James Fastovsky  
Mitchell Freedman  
Edward Humphreville  
Robert Jones  
Pamela Kelty  
Dennis Klarin  
Steven Kramer  
Jeanne Laye  
John Levy  
Stephen Lozano  
Michael Lynch  
Teresa Mason  
Anthony Mastro  
Andrew Mintzer  
Roger Molvar

Daniel Morris  
Benjamin Mozzetti., Jr.  
Don Nelson  
Daniel O'Hare  
Patrick Paggi  
Robert Petersen  
Mark Poindexter  
Jessie Powell  
David Primes  
Stuart Robken  
J. Russell Roy  
Florence Rust  
Terrence Seiberlich  
Pamela Thompson  
Stephen Throop  
Kendall Wheeler  
Nancy Wheeler  
Linda Williams  
Ann Wilson  
David Wilson  
Steven Wimmers  
Gregg Wind  
Diane Wondolowski  
Christopher Yahng  
Majid Zarrinkelk

**HONORARY PAST PRESIDENTS PRESENT:**

Louis Barbich  
Gale Case  
S. Thomas Cleveland  
Robert Ford  
Donald Gursej  
James Kuhn

Don Nelson  
John Norberg  
Diana Sanderson  
Harold Schultz  
Lorin Wilson

**EDUCATION FOUNDATION TRUSTEES PRESENT;**

David Cieslak  
Mitchell Freedman  
Donald Gursej

Laura Kauls  
D. Paul Regan  
Tony Teng

**AICPA CALIFORNIA DELEGATION PRESENT:**

Gale Case  
John Costello  
David George  
Donald Gursey  
Pamela Hunter  
Diana Sanderson

Michael Soza  
Robert Stringham  
Nancy Wheeler  
Steven Wimmers  
Patricia Zambell

**STAFF PRESENT:**

Susan Waters  
Bruce Allen  
John Angelo  
Vince Chin  
John Dunleavy  
Susan Klein

Linda McCrone  
Maria Nazario  
Curtiss Olsen  
John Phillips  
Sarah St. Charles  
Jeannie Tindall

**GUESTS:**

Becky Burad  
James Counts  
Ellen Levin  
Christina Merkeley

**Actions Taken**

1. The Council approved the April 2000 Board of Directors minutes with no changes or comments
2. The Council approved Stu Robken temporarily replacing Ernie Gini as Sacramento Chapter Council Representative
3. The Council approved that the following individuals be appointed to sign CalCPA checks on all investments and operating accounts: Susan Waters, Linda McCrone, Sarah St. Charles, Donna Lekosky
4. The Council appointed and approved the election of John Costello and Florence Rust to be the Council Representatives for a one-year term (2001-2002) and Teresa Mason and Gregg Wind for the two-year term (2001-2003)
5. The Council approved that the following individuals administer the 457 Plan on behalf of CalCPA and the Plan's participants: Susan Waters, Sarah St. Charles, Donna Lekosky
6. The Council approved the motion to eliminate the annual meeting.
7. The Education Foundation Nominations Committee Report was approved and D. Paul Regan was introduced as President of the Trustees

8. The Council ratified Kenneth J. Ashcraft, John Dodsworth, Chuck Gielow, Jr. and L. Brian Rush as Group Insurance Trustees for a three-year term commencing on January 1, 2002

### **Consent Agenda**

Chairman David L. George called the meeting to order at 3:30 p.m.

Chairman George informed the Council that nominations for Council Representatives to the Board would be accepted from 3:30 to 4:00 p.m. Before adjournment the list of nominees will be presented. Voting will occur the next day between 8:00 and 8:30 a.m. The two nominees that receive the most votes will serve two-year terms and the two nominees with the next highest votes will receive one-year terms.

Chairman George called for approval of the April 2001 Board of Directors minutes. He asked for any corrections, comments or additions that needed to be made. He also asked for review of the May 2001 Executive Committee minutes. No corrections were made and the minutes were approved.

The Council approved Stu Robken temporarily replacing Ernie Gini as Sacramento Chapter Council Representative.

### **Chairman's Report**

David George, Chairman of CalCPA, gave his report. He first addressed international issues. The CPA is the true international business advisor and the profession is at a crossroads. There is the possibility of a proposed Global Credential or additional special designations such as those that already exist in business valuation, technology and personal financial planning. International accounting and auditing standards are developing. At a more local level, members in industry look to CalCPA for education and connections, and conversely their expertise is shared with public accountants. The Education Foundation courses for controllers are the best in the United States. Firms are becoming more diverse to meet all the needs of their clients.

It was announced on Saturday that John Costello and Florence Rust were elected as Council Representatives for the 2001-2002 year and that Teresa Mason and Gregg Wind were elected for the 2001-2003 term.

The Peninsula & San Jose Chapter name issue concerning use of the name the Silicon Valley Chapter will be discussed at the September 14, 2001 Board meeting. The Office Relocation Report will be presented at the November 2001 Council meeting.

### **Annual Meeting Report**

Don Gurse reported that the Executive Committee's May meeting voted to recommend to the Council at it's July meeting to stop holding annual meetings, other than the annual members business meeting required by the bylaws. The facts leading to his decision include the declining attendance since 1986 as indicated in the meeting attendance history referred to in the meeting packet. The other major factor is apparent in the recent member survey, also in the packet, showing that the annual meeting was rated as the least important service to members. Other factors included the time and cost to members to attend, as well as the cost and time of staff required to plan and execute the meeting. Member Relations Director, John Angelo was called on to comment on the history, the cost, financing and planning approach to annual meetings.

Council members spoke to the positive points of annual meetings commenting on the social and relationship-building outcomes of past meetings where friendships were formed and opportunities

to get to know one another provided fond memories. Those facts were recognized from the podium, while acknowledging that times had changed and a new approach was necessary.

The motion to eliminate annual meetings was moved, seconded and carried.

## **EDUCATION FOUNDATION ANNUAL MEETING**

David Cieslak called the Annual Meeting of the Foundation to order at 4 pm. David reviewed the financial results for the Foundation for the year ending April 30,2001. The year-end results were above expectations due to increased non VP revenue, non CPA attendance and excellent cost control and containment by the members of the Foundation team. David thanked the members of the Foundation for allowing him to serve as Trustee and President the past year.

David reviewed several of the accomplishments of the Foundation during the past year and a summary of those was included in the Council Meeting Packet.

David then asked Mel Ozur to report on the Nominations for the new year and Mel made the following report:

President	Paul Regan
1 <sup>st</sup> VP	Marc Parkinson
VP	Denise Hurst
Treasurer	Loretta Doon

Trustees nominated to a two-year term were:Paul Regan, Tony Teng, Elliot Kajan, Marc Parkinson, Denise Hurst and David Summers

Members of the Foundation approved the nominations committee report.

David then introduced Paul Regan as the new President of the Board of Trustees. Paul outlined several objectives for the Foundation to achieve in the coming year. A top priority would continue to be low cost, quality education provided to the accounting profession in California.

Dan O'Hare was nominated to serve a two-year term on the nominating committee for the Foundation.

The Foundation then presented their annual outstanding instructor awards as listed in the council packet. Each instructor was recognized for his or her excellent contributions to the Foundation's program during this past year. The instructors present to accept their awards were: Jackie Patterson, Keith Schiller, Charles Rettig, Barbara Bergstein, Natalie La Bran, and William Berke.

A special Trustees award was presented posthumously to Robert Satin. This award will be delivered to his widow, Dorie at the appropriate time.

At the conclusion of the meeting Paul Regan recognized David Cieslak and Stu Robken for their contributions this past year as President and member of the Board of Trustees.

The annual meeting of the Foundation adjourned at 4:45 pm.

## **AUDIT REPORT**

Peggy McBride, Chair of the Audit Committee reported that CalCPA's net assets increased by \$1,247,000.00 for the fiscal year. Ms. Wheeler reported that Gilbert Accountancy Corporation from Sacramento had completed the audit and that the process went smoothly, with no major

issues arising. It was noted that no internal weaknesses were noted and that auditors were pleased with the Staff's preparation.

## **TREASURER'S REPORT**

Jessie Powell, CalCPA's Treasurer briefly reviewed the April financials including the audited financials that included Peer Review. Ms. Powell also reviewed the May financials and reported that CalCPA is on track for the current fiscal year, as compared to budget. Dues renewals and cash receipts are also on track for the current year as compared to budget and to last year.

Ms. Powell also reported that CalCPA had hired a new Director of Finance. Donna Lekosky will begin on Monday, August 6<sup>th</sup>. Questions were asked as to who was running the finance dept while CalCPA was looking for a Director of Finance and Ms. Waters, CalCPA's CEO stated that she ultimately was responsible and that Bridgeway Consultants had been retained to handle the responsibilities in the interim.

The Council approved all the financial statements.

The Council approved the bank signature resolution and the 457 plan resolution

## **AICPA Council Update**

Chair David George gave an overview on the spring AICPA council meeting which he attended in Washington D.C.

He discussed the proposed XYZ credential, CPA2biz, the GAO exposure draft on auditor independence, SEC chair nominee Pitt, NASBA and the computerization of the Uniform CPA Exam and other topics. He pointed out that detailed information on all these and other issues was posted and available to members at CalCPA Online.

Council members Hal Schultz and David Primes followed by delivering additional detailed updates on XYZ and CPA2biz, respectively. Schultz explained that Roper Polling had been retained by the AICPA to perform polling at the next AICPA Council meeting. The task force he is on will review the questions to ensure they are fair, objective and not leading.

David Primes gave a report on the activities of the member task force reviewing the Shared Services contracts for CalCPA. He noted that CalCPA had signed an amended Phase II agreement that carved out a section of the contract in conflict with the Infobytes aspect of the portal and an exclusive contract that the CalCPA Education Foundation had with e-Mind for on-line learning. This contract will extend until December 31, 2001.

A decision to participate was made by the Executive Committee after receiving the recommendation of the Portal Participation Task Force.

The task force asked the SLLC for budgets and projections for the Portal. The task force also communicated clearly to the AICPA that it would not be rushed into the signing of a final agreement and that it would need the agreement for review no later than September 30, 2001 in order to have adequate time to digest the contract and decide on a course of action before December 31, 2001. Primes noted that this course of action allows CalCPA to continue its relationship with the Portal at no risk to members until year-end and to make a rational and informed decision on whether to continue with the Portal.

All three entertained questions from council members.

## **CPA2Biz/SSNI Update**

CalCPA did not agree to endorse InfoBytes, so that portion of the proposed Interim Agreement was stricken from the CalCPA contract. This means that CalCPA has no obligation to endorse or support InfoBytes, and CalCPA members will not enjoy the discounts that are available to members from states that have endorsed InfoBytes.

Mr. Primes advised the Council that this agreement is for a limited term and carries no financial risk for the Society. The Education Foundation agreed, with CalCPA, to continue to participate during the interim period. This permits us to stay involved and will give us the opportunity to evaluate the Phase 2 Agreement, which is supposed to be signed by the end of the year. CalCPA has notified SSNI that we need to receive the proposed contract before September 30 in order to respond by year's end.

There are issues that need to be evaluated before CalCPA will be able to participate in Phase 2 of the Shared Services project. Among them are affinity programs; the value of AICPA discounts to CalCPA members; the length of the contract; the viability of CPA2Biz; advertising restrictions; protection of privacy of member information; the value of the national member database, etc. Mr. Primes stressed that the Task Force will evaluate all issues when formulating its recommendations for the Board.

## **Group Insurance Trust Report:**

Gale Case presented the names of the four individuals recommended by the Group Insurance Trust, whose recommendation was subsequently concurred with by CalCPA's Board of Directors, and requested that Council approve their being named as CalCPA nominees on the 2001 Group Insurance Trustee election ballot. Council then approved CalCPA's nomination of Kenneth J. Ashcraft, John A. Dodsworth, Charles H. Gielow, Jr. and L. Brian Rush for inclusion on the 2001 Group Insurance Trustee election ballot as CalCPA nominees for the three-year term commencing on January 1, 2002.

John Phillips then described various financial and operating highlights of the Group Insurance Trust for the just completed calendar year, as set forth in the Trust's recently issued 2000 annual report.

## **CEO Report**

Susan Waters reported on the Association Peer Review that had been conducted by the American Society of Association Executives. She reviewed the purposes of the review and the criteria used to evaluate CalCPA, as well as the preparation for the review and the list of persons interviewed by the review team. A copy of the report is available to any Council member who requests one.

CalCPA rated very well on expression of mission, adaptability to change, leadership development, preparation for governance meetings, and on conflict of interest statements and ethical and operational standards. Other strengths were openness to member input and research, compliance with tax, corporate and personnel laws, membership recruitment and retention, "branding" CalCPA, communications to members and government affairs.

The review team recommended work on creating a strategic plan and tying the budget to it, on better delineating responsibilities between staff and volunteers, on encouraging member involvement in membership development and retention, and on garnering support for the political action committee. The review team recommended the CalCPA web site be strengthened, that an overall technology plan be developed with emphasis on data exchange with related entities; and

on database management. The review highlighted the problems inherent in cross-functional project teams when the staff members are dispersed throughout the state and work on flexible schedules.

### **Government Relations**

Bruce Allen reported that the Board's visit to Sacramento in April and the time that members spent with their Legislators had yielded positive results. He commended the efforts of Steve Wimmers in alerting the University of San Diego to the Sacramento activities of the Center for Public Interest Law. As a result of these efforts a compromise had been reached on the California Board of Accountancy Sunset issues and CalCPA's legislation had been amended to allow two tracks for licensure for new candidates. Track one would allow CPA candidates with a BA including 24 units in accounting and 24 units in business related courses to enter the profession after passage of the Uniform CPA exam and a two year general experience requirement. Track two would allow CPA candidates with 150 units, passage of the Uniform CPA exam under the UAA conditioning requirements and completion of one year of general experience to be licensed. These proposals are contained in AB 585 and SB 133.

He and Hal Schultz reported that the CBA Transition Task Force had met and was recommending that candidates completing the exam prior to December 31 of this year be allowed to enter the profession under the general experience requirement if they met the new education requirements. Other candidates, those not meeting the education requirements will be allowed to enter under the existing experience requirements as long as they complete the requirement prior to December 31, 2005.

A chiropractor Richard Charney was appointed to the unlicensed vacancy on the Board by Senator John Burton. Mr. Allen updated the Council on the status of other pending legislation that had been reported in the pre-meeting materials and indicated that the PAC had collected \$106,000 from the dues mailing.

### **Member Relations & Membership Development Report**

John Angelo gave a current status report on two new features that were on this year's dues statement. The optional state scholarship fund has collected \$55,000 to date. 75% will be allocated back to the member's primary chapter and 25% will remain at the state level for special organization-wide scholarship projects. In the first year of offering, 167 members chose to pay an additional \$25 to join a secondary chapter, providing access for members who may reside or work in different chapters or to simply become involved in a neighboring chapter.

John then reported on a sampling of activities, events and accomplishments that have taken place or are planned to take place in the 14 chapters and varied state committees. He highlighted some details of member programs in 9 of the chapters and 9 of the state committee.

### **Membership Development Report**

Pat Kilner, Director of Membership Development, reported on the status of membership renewals. To-date, 84% of the membership has renewed. CalCPA expects to reach its retention goal of 93% along with reaching its financial goal of \$7,020,080 within 0.8%. A telephone renewal follow-up program will begin to contact all non-renewed accounts the beginning of August and continue for approximately eight weeks. Chapters will be encouraged to complement this effort to the extent of their desired participation.

Gregg Wind, Chairman of the State Membership Committee, shared with the Council some statistics regarding the average age of CalCPA members. The average age of our members is

49 year old and on average have been members for 17 years. Leadership is slightly older averaging 55 for the Board of Directors and 52 for Council members. Gregg addressed the progressive aging trends by discussing the future of potential life members (*members whose dues are waived after 40 years of membership*).

Gregg closed by highlighting that membership needs to continue to be a priority, that resources need to continue to be allocated to recruiting new members and that the strength of CalCPA lies in its members. Efforts must be heightened to attract bright, young and diverse individuals into membership and then get them involved in leadership positions.

### **Strategic Planning**

Council chair, David George began the strategic planning session by reviewing what the council (board of directors) did in January, as well as what was accomplished at the Council Leadership Forum in June.

Council chair George stated that the objective of today's meeting was to try to determine how CalCPA should be positioned in the next decade. Some external issues that CalCPA and the profession are dealing with were identified as follows: declining student participation; MDPs; wider range of CPA services; AICPA technology initiatives; getting a good demographic perspective of our membership.

The council's strategic planning facilitator, Ellen Levin, introduced herself as well as Christina Merkeley, the graphic facilitator. Levin reiterated that in past sessions, we stated 'where we are', "where we came from" and today we'd discover "where we're going" and that at the final strategic planning session in November, we'd work on "what we need to do to get there".

Today's exercise consisted of several breakout groups. Through a consensus building process, the Council decided on the following:

#### **"2005 Desired Future"**

- CalCPA is essential to being a successful CPA.
- CalCPA has strong political voice.
- CalCPA assists in maximizing the profession.
- There is a strong desire by students to enter the profession.
- CalCPA grows!
- CalCPA has a strong reputation/brand.
- CalCPA promotes good citizenship.
- CalCPA helps promote professional excellence.
- CalCPA is diverse.

# California Society of CPAs - Motion Form

## COUNCIL RESOLUTION

WHEREAS, the Council of the California Society of Certified Public Accountants (“CalCPA”) previously adopted and presently operates the Section 457 Deferred Compensation Plan for Employees of the California Society of Certified Public Accountants (“Plan”) for the benefit of its eligible employees; and

WHEREAS, the ongoing operation of the Plan requires that from time to time continuing appointments be confirmed and new appointments be made; and

WHEREAS, any two members of the Administrative Committee are authorized to execute any necessary documents and to take any such action as may be necessary or appropriate to effectuate or carry out the provision of the Plan, as they deem appropriate;

BE IT FURTHER RESOLVED that the following individuals be, and they hereby are, appointed as all of the members of the committee which shall administer the plan on behalf of CalCPA and the Plan’s participants (the “Administrative Committee”).

Susan Waters

Sarah St. Charles

Donna Lekosky, Director of Finance **Motion**

**Passed**

*Maker:* Finance Committee

*Date:* 7-20-01

*Second:* N/A

# COUNCIL REPRESENTATIVES TO THE 2001-02 (3) BOARD OF DIRECTORS

## Election Results

Gregg Wind	2-yr	Term
Teresa Mason	2-yr	Term
Florence Rust	1-yr	Term
John Costello	1-yr	Term

## Congratulations!

Notes: John Costello was elected to the nominating committee and because he is now on the Board he is no longer eligible to serve. Next vote getter was Bob Peck and he will fill that slot. Peninsula Chapter will need to re-appoint someone to fill Florence Rust's position for the 1 year remaining on her term and San Francisco Chapter will need to appoint someone for a 2 year term to fill Teresa Mason's term. Nominations are needed by August, so that the new appointees can participate in the September 24 Nomination and Leadership Development Committee

**Date: 7-21-01**

# California Society of CPAs - Motion Form

## COUNCIL ACTION REQUEST

### ACTION REQUESTED FROM:

Sacramento Chapter

### WHAT ACTION IS REQUESTED:

The Council accept the interim replacement of Ernie Gini with Stu Robken as a Sacramento Chapter Council Representative

### WHY ACTION IS REQUESTED:

Medical

**MOTION PASSED**

*Maker:* Sacramento Chapter Board

Date: 7-20-01

*Second:*

## **Council Representatives to Board of Directors**

- **Elect 2 representatives to one-year terms and 2 representatives to two-year terms.**
- **Nominations accepted Friday, July 20<sup>th</sup>, no later than 4:00 pm.**
- **Nominees will be announced before adjournment of meeting on Friday.**
- **Voting will occur between 8:00 and 8:30 a.m. on Saturday, July 21.**
- **Ballots will be counted by Past Presidents present at the meeting.**
- **The two members that receive the two highest vote counts will be elected to two year terms and the next two for one-year terms.**
- **Ties will be resolved by chance.**
- **Election results will be announced before the end of the Council meeting.**

**COUNCIL REPRESENTATIVES TO THE  
2001-2002 BOARD OF DIRECTORS**

**NOMINEES**

**Vote for up to 4 from**

- John Costello**
- Mitchell Freedman**
- Teresa Mason**
- Ted Mitchell**
- Dan Morris**
- Patrick D. Rogan**
- Florence Rust**
- Gregg Wind**

Only voting council members are eligible to cast a vote.

# California Society of CPAs - Motion Form

## COUNCIL RESOLUTION

Resolved that the following individuals be appointed to sign CalCPA checks on all investment and operating accounts at Wells Fargo Bank and Salomon Smith Barney:

Susan Waters, CEO

Linda McCrone, Director of Technical Services

Sarah St. Charles, Director of Human Resources

Donna Lekosky, Director of Finance

## **Motion Passed**

*Maker:* Finance Committee

*Date:* 7-20-01

*Second:* N/A