

American Institute of Certified Public Accountants

Board of Directors

Minutes of Meeting: July 30 – 31, 2015

Contents (by Topic)

Approval of the Minutes	5
Attendance	2
Audit Committee Report	9
Chair’s Report	4
CPA Exam Revisions	8
CPA Insurance Exchange	8
CPA Pipeline and Programs	6
DOL/EAQ Update	6
Finance Committee Report	8
FY16-18 Strategic Plan Review	7
Legal Update	6
President and CEO Report	5
Recommendation of Candidates for the 2015-2016 AICPA Nominations Committee	10
Report from CIMA Chief Executive	7
Review of the 2015-2016 Senior Committees	10
State Society Collaboration Pilots	7

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A meeting of the AICPA Board of Directors was held Thursday, July 30 and Friday, July 31, 2015 at the AICPA's New York office. The meeting convened at 9:00am on Thursday, July 31, 2015.

Attendance

The following Board members were present:

Tommye Barie, Chair
Tim Christen, Vice Chair
Grant Ashley
Nancy Bagranoff
Bill Balhoff – Immediate Past Chair
Mark Begich
Tom Broderick
Steve Christian
Kimberly Ellison-Taylor
Tracey Golden
Theresa Grafenstine
Eric Hansen
DeAnn Hill
Jean Hobby
Ed Jordan
J. Michael Kirkland
Myriam Madden
Dorri McWhorter
Barry Melancon
David Morgan
Anne Northup
Margery Piercey
Gary Reynolds

Also present:

Chris Almonte, Manager

Communications

Erik Asgeirsson, President

CPA.com

Jim Brackens, Vice President

Ethics and Practice Quality

Michael Buddendeck, General Counsel and Secretary

General Counsel & Trial Board

Catey Bullard, Manager

Governance

Lawson Carmichael, Senior Vice President

Strategy, People and Innovation

Michael Cerami, Vice President, CPA.com

Corporate Alliances

Susan Coffey, Senior Vice President

Public Practice and Global Alliance

Heather Collins, Director

Governance

Michael Decker, Vice President

Examinations

Loretta Doon, Chief Executive Officer

California Society of CPAs

Joanne Fiore, Vice President

Professional Media, Pathways & Inclusion

Anthony Foust, Director

Enterprise Solutions Delivery

Ellen Goldstein, Director

Communications & Member Engagements

Kevin Henson, Vice President

Strategy

Jay Hyde, Director

Media Relations

Ed Karl, Vice President

Taxation

Jeannette Koger, Vice President

Member Specialization & Credentialing
Tim Laspaluto, Chief Financial Officer
Finance, Operations & Member Value
Cynthia Lund, Vice President
State Society Affairs
Janice Maiman, Senior Vice President
Communications, Media, News & Professional Pathways
Gil Nielsen, Director
Media Relations
Rekha Perumallu, Senior Manager
Strategy
Mark Peterson, Senior Vice President
Governmental & Public Affairs
Anthony Pugliese, Senior Vice President and Chief Operating Officer
Finance, Operations and Member Value
Cheryl Reynolds, Vice President
Communications, Advertising & Brand Management
Scott Spiegel, Vice President
Strategic Partnerships & Corporate Development
Arleen Thomas, Senior Vice President
Management Accounting & Global Markets
Charles Tilley, Chief Executive
CIMA
Mat Young, Vice President
State Regulatory & Legislative Affairs

Chair's Report

Tommye Barie, Chair of the Board, opened the meeting by welcoming the Board members. Ms. Barie also welcomed Loretta Doon, Chief Executive Officer from the California Society of CPAs and Charles Tilley, Chief Executive from CIMA.

Ms. Barie continued by congratulating Public Board Member, Myriam Madden on becoming President of CIMA, and also noted the successful meeting hosted by CIMA with AICPA leadership in May.

Ms. Barie proceeded to share the positive evaluation results from the 2015 Spring Council meeting in Washington, DC before providing an update on her activities and travels since the April Board meeting, including G400 and Major Firms Group, both of which were well attended.

The Board approved William Calder of Deloitte to fill an unexpired term ending October 2017 on the Peer Review Board.

Approval of the Minutes

After discussion, upon a motion duly made and seconded, the minutes of the April 24, 2015 executive session meeting, and the April 23-24, 2015 regular meeting were approved.

The regular meeting minutes were authorized for placement on the AICPA's website.

President and CEO Report

Barry Melancon updated the Board on a host of topics including the results of this year's employee engagement survey results, CPA.com, and an update on the SEC's support of IFAC and standard-setting. Mr. Melancon also highlighted the work that has been done for the new Not for Profit Center, with more than 20,000 people expected to join by the end of the year.

Mr. Melancon continued his report by giving an update on numerous Washington developments including the Mobile Workforce Bill, IRS lawsuit, and due date rationalization, which is legislation resulting from a project undertaken by the AICPA tax division several years ago.

The Board also heard from Mr. Melancon on the Center for Plain English Accounting, as well as work being done in the Employee Benefit Plan space.

DOL/EAQ Update

Susan Coffey, Senior Vice President—Public Practice and Global Alliances, provided an update on the AICPA’s enhancing audit quality initiative. Ms. Coffey briefed the Board on the findings and conclusions of the Department of Labor audit quality study that were released on May 28, 2015.

Ms. Coffey reviewed the DOL recommendations, and reported on the Institute’s activities surrounding the report’s release. Ms. Coffey concluded her presentation with updates on the Enhancing Audit Quality (EAQ) initiative, and Practice Monitoring of the Future.

CPA Pipeline and Programs: Generating Supply and Building Awareness

Joanne Fiore, Vice President—Professional Media, Pathways & Inclusion, and Michael Decker, Vice President—Examinations, presented on the topic of CPA Pipeline and Programs. Ms. Fiore and Mr. Decker reported on the results of the ARC research findings, and highlighted numerous initiatives both planned and underway to build and strengthen the CPA pipeline.

Ms. Fiore and Mr. Decker concluded their presentation by reviewing next steps for this initiative.

Legal Update

Michael Buddendeck, General Counsel and Secretary, delivered the Secretary’s Report (reflecting membership ballot Nos. 960, 961, and 962 for the time period of 4/11/15 to 7/22/15 admitting 6961 members, accepting 241 resignations, 74 reinstatements and 155 advances of dues). Upon a motion duly made and seconded, the Board accepted the Secretary’s Report, which is attached under Appendix A of the meeting minutes.

Mr. Buddendeck then provided the Board with a legal update.

Update on State Society Collaboration Pilots

Lawson Carmichael, Senior Vice President—Strategy, People & Innovation, and Erin McCormack, Director—Innovation, provided the Board with an update on the State Society collaboration pilots, designed to strengthen AICPA and state society business models. Mr. Carmichael and Ms. McCormack emphasized the highly collaborative approach being taken between the AICPA and state societies on this initiative.

Mr. Carmichael and Ms. McCormack presented key themes to the pilot as identified by AICPA and the state societies, as well as risks and how they are being managed. They concluded their update by noting next steps in the project.

Report from CIMA Chief Executive

Charles Tilley, Chief Executive of CIMA provided the Board with a presentation on current issues facing management accounting and the global management accounting principles. Mr. Tilley spoke on global forces breaking all the trends, and how the role of management accounting helps organizations improve their decision-making to unlock value from information, both financially and non-financially.

FY16-18 Strategic Plan Review

Kevin Henson, Vice President—Strategy, and Rekha Perumallu, Senior Manager—Strategy, presented the Board with the final FY16-18 Strategic Plan. Mr. Henson and Ms. Perumallu recapped the strategic planning activities and illustrated the FY16-18 plan structure and outlined each of the plan's priorities.

After discussion, upon a motion duly made and seconded, the Board approved the FY16-18 strategic plan.

CPA Exam Revisions

Michael Decker, Vice President—Examinations, and Richard Gallagher, Director—Content, updated the Board on the next version of the Uniform CPA Examination. Mr. Decker and Mr. Gallagher reminded the Board of the Uniform CPA Examination’s mission, which is to provide reasonable assurance to boards of accountancy that candidates who pass the CPA exam possess the level of technical knowledge and the skills necessary for initial licensure to protect the public interest.

Their update emphasized a host of topics including practice analysis, skill allocation, sample simulations, and proposed exam structure. Mr. Decker and Mr. Gallagher concluded their presentation with the expected timeline on the initiative.

CPA Insurance Exchange

Scott Spiegel, Vice President—Strategic Partnerships and Corporate Development, and Noaman Ahmad, Senior Vice President at Aon Affinity presented to the Board on the AICPA Member Insurance Programs. Mr. Spiegel and Mr. Ahmad provided background regarding the health insurance environment and detailed the proposed AICPA-endorsed health marketplace solution. They concluded their presentation by outlining risks and mitigation strategies.

After discussion, upon a motion duly made and seconded, the Board approved an AICPA-endorsed health marketplace solution for launch later this calendar year.

Finance Committee Report

Gary Reynolds, Chairman of the Finance Committee, provided an update on the FY15 forecast, which reflected projected results that are approximately \$500K better than the budgeted net excess of \$100K. He reported the net revenue forecast is higher than the original budget by \$700K, which is partially offset by an increase in expenses.

He informed the Board that the AICPA is on track to exceed new membership goals and retention rates and has exceeded FY15 budget with more than 410K members as of July 31. Mr.

Reynolds stated that the AICPA has renewed 94.82% of membership, compared to 94.76% this same time last year. In addition, he reported that nearly 25K new members have joined the AICPA in the current fiscal year, compared to 22,500 at this same time last year. Mr. Reynolds also shared that the sections and credentials memberships are experiencing positive results, as well as the CGMA designation.

Mr. Reynolds stated that in FY15, the AICPA drew approximately \$13M on its line of credit as result of continued principal payments on debt (which will be paid off in April 2016), continued funding of the pension plan, capital expenditures primarily related to technology projects and the expected start of the reinvestment into the CPA Exam in FY15.

Mr. Reynolds also stated the long term investments continue to perform in line with the respective benchmarks, and the portfolio had year-to-date gains of approximately \$3.8M.

The financial statements are at Appendix B in the official minute records of the AICPA.

After discussion, upon a motion duly made and seconded, the Board also approved recommendations from the Life Insurance/Disability Plans Committee on Long Term Disability, CPA Life, Group Life, and CPA Life (excluding spousal life) benefits as presented to the board. The approved resolutions appear in Appendix C of the official minute records of the AICPA.

Audit Committee Report

Tracey Golden, Chair of the Audit Committee, stated the Committee received a report on the Internal Audit, Risk & Compliance (iARC) team's organizational updates. Ms. Golden also reported the Committee received an update on the FY16 iARC Plan, external audit, and the AICPA Roadmap initiative.

Recommendation of Candidates for the 2015-2016 AICPA Nominations Committee

Ms. Barie, Mr. Melancon, and Heather Collins, Director—Governance, reported on the recommended slate for the 2015-2016 Nominations Committee and asked the Board to review and approve.

After discussion, upon a motion duly made and seconded, the Board approved the slate of nominees as presented. The approved slate of nominees appears in Appendix D.

Review of the 2015-2016 Senior Committees

Tim Christen, Vice Chair, gave an update on the committee appointments meeting that was held on July 28, 2015 and asked the Board to review the proposed nominees for senior AICPA committees in 2015-2016.

After discussion, and upon a motion duly made and seconded, the Board approved the senior AICPA committee appointments.

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There being no further business, the meeting adjourned at 10:25a.m. on Friday, July 31, 2015.