

American Institute of Certified Public Accountants

Board of Directors

Minutes of Meeting

April 20-21, 2016

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Minutes of Meeting: April 20-21, 2016

A meeting of the AICPA Board of Directors was held Wednesday, April 20 and Thursday, April 21, 2016 at the AICPA's New York office. The meeting convened at 9:00 am on Wednesday, April 20, 2016.

Attendance

The following Board members were present:

Tim Christen, Chair
Kimberly Ellison-Taylor, Vice Chair
Mark Begich
Tom Broderick
Steve Christian
Paul Curth
Tracey Golden
Terry Grafenstine
Eric Hansen
DeAnn Hill
Ed Jordan
J. Michael Kirkland
Dorri McWhorter
Barry Melancon
David Morgan
Rick Niswander
Anne Northup
Margery Piercey
Bill Pirolli
Christ Schmidt
David Stanford
Mary Stone

Also present:

Cindy Adams, CEO

Iowa Society of CPAs

Marcia Attmore, Director

Member Value

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

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

Gary Davis, Senior Manager

Public Relations

Mary Foelster, Director

Governmental Auditing and Accounting

Gary Freundlich, Technical Director

Peer Review Program

Ron Gitz, Executive Director and CEO

Society of Louisiana CPAs

Tracey Golden, Chair

Audit Committee

Ellen Goldstein, Director

Communications & Member Engagements

Mindy Hamlin, Senior Manager

Corporate Communications

Andrew Harding, Managing Director

CIMA

Kevin Henson, Vice President
Strategy

Ed Karl, Vice President
Taxation

Jeannette Koger, Vice President
Member Specialization & Credentialing

Mark Koziel, Vice President
Firm Services and Global Alliances

Tim Laspaluto, Chief Financial Officer
Finance, Operations & Member Value

Cynthia Lund, Vice President
State Society Affairs

Peggy McIntyre, Vice President
Membership

Janice Maiman, Senior Vice President
Communications, Media, News & Professional Pathways

Connie McGough, Administrative Assistant
Exams

Dan Noll, Director
Accounting Standards

Gil Nielsen, Director
Media Relations

Carl Peterson, Vice President
Small Firms, Public Practices & Global Alliance

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

Joel White, Director
Internal Audit, Risk and Compliance

Chair's Report

Tim Christen, Chair of the Board, opened the meeting by welcoming the 2015-2016 Board members. Mr. Christen also welcomed Cindy Adams, CEO of the Iowa Society of CPAs, and Ron Gitz, Executive Director and CEO of the Society of Louisiana CPAs

Mr. Christen then provided an update on his activities since the January Board meeting, including the Nominations Committee meeting, NASBA Summit and the Regional Meetings of Members of Council. Mr. Christen continued his report on the importance of the Future of Audit and CPA.com, and the potential services that they can provide.

Upon a motion duly made and seconded, the Board approved Bruce Blasnick to fill an unexpired term ending October 2017 as member of AICPA Council from Connecticut.

Approval of the Minutes

After discussion, upon a motion duly made and seconded, the minutes of the January 28, 2016 executive session meeting, the January 28-29, 2016 regular meeting and the February 10, 2016 meeting were approved.

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

President and CEO Report

Barry Melancon began his report with an update on the Joint Venture member vote with CIMA. The ballots have been emailed to all members. Mr. Melancon thanked the AICPA staff, state CPA societies and members of Council for their support and outreach to AICPA members.

After discussion, upon a motion duly made and seconded, the membership record of date for the pending membership ballot of May 17, 2016 was approved by the Board.

Mr. Melancon continued his report by giving an update on Peer Review administration and auditing in the future. Additional information on the Rutgers research project and data analytics was discussed.

Mr. Melancon also reported on numerous Washington developments including an identity theft bill in the Senate. Also discussed was cash accounting, the newly-updated “What’s at Stake” video, the Mobile Workforce bill, and the Equal Employment Opportunity Commission’s (EEOC) proposed changes to the EEO-1 filing form.

Mr. Melancon concluded his report with an update on CPA.com’s RIVIO initiative, an online clearinghouse for private company financial information.

Consumer in 2030 – Assess Implications to Profession and Adaptions to AICPA Strategic Plan

Kevin Henson, Vice President-Strategy, and Suresh Iyer, Manger-Strategy, discussed with the Board the future consumer trends and its impact on the accounting profession and membership organizations. The future trends were identified in a research article from McKinsey and Company, which was provided to the Board prior to the meeting. This article identified five dominant forces, and an underlying set of trends, that will drive change in consumer landscape over the next 15 years.

The Board then engaged in a strategic discussion on consumer trends as it relates to individual segments (Firm, Employers and Academia) of the profession. Based on the feedback received, the AICPA will determine the impact to the AICPA FY17 strategic plan and initiatives.

Finance Committee Report

Eric Hansen, Chairman-Finance Committee, and Anthony Pugliese, Senior Vice President and Chief Operating Officer-Finance, Operations and Member Value, provided a proposed breakeven operating budget for the fiscal year ending July 31, 2017. The proposed operating budget for fiscal 2017 reflects increases in membership, product, exams and other revenue over fiscal 2016. The fiscal 2017 budget also includes revenue from firms in conjunction with the Enhancing Audit Quality (EAQ) and Practice Monitoring of the Future (PMoF) initiatives.

Mr. Hansen and Mr. Pugliese reported that the net revenue is budgeted at \$176.3 million, an increase of \$11.8 million compared to the 2016 forecast of \$164.5 million. Mr. Hansen and Mr. Pugliese also reported that the total expenses are budgeted at \$177.7 million, an increase of \$3.9 million as compared to the 2016 forecast of \$173.8 million.

The presentation continued with an update from Mr. Hansen and Mr. Pugliese on the Uniform CPA Exam and the capital budget.

Mr. Hansen and Mr. Pugliese stated in fiscal 2017, the AICPA expects to fund the pension plan by \$3.0 million, and capital expenditures are planned to be \$4.0 million. The term loan will be repaid in April 2016.

The AICPA expects to reach of maximum draw on the line of credit in May 2017 of \$23 million, which will be repaid by July 2017 with the membership dues collection cycle.

At the conclusion of the report, Mr. Hansen and Mr. Pugliese asked the Board to approve the budget for fiscal year 2017.

After discussion, upon a motion duly made and seconded, the Board approved the budget as presented.

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

Joint Venture Evolution Member Engagement

Cheryl Reynolds, Vice President-Communications, Media, News and Professional Pathways, provided the Board with an update communications regarding the Joint Venture.

Ms. Reynolds reiterated the ballot is open between April 18 - June 16, 5pm ET. Members are receiving their personal, confidential online ballot link via email from a 3rd party administrator.

Mr. Christen thanked Ms. Reynolds for all the work her team has performed.

Audit Committee Report

Tracey Golden, Chair of the Audit Committee, stated the Committee has approved the Political Action Committee (PAC) financial statements and reviewed the Employee and Volunteer Expense Reimbursements (EVER) agreed-upon procedures. Ms. Golden also reported the Committee received an update on external audit, the FY16iARC plan, the AICPA Roadmap initiative and other IT initiatives.

Legal Update and Secretary's Report

Michael Buddendeck, General Counsel and Secretary, delivered the Secretary's Report (reflecting membership ballot Nos. 969, 970, and 971 for the time period of 1/15/16 to 4/14/16 admitting 4160 members, accepting 409 resignations, 43 reinstatements and 116 advances of dues). Upon a motion duly made and seconded, the Board accepted the Secretary's Report, which is attached under **Appendix B** of the meeting minutes.

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

Review Agenda for the 2016 Spring Meeting of Members of Council

Tim Christen, Barry Melancon and Heather Collins, Director-Governance, reviewed the agenda for the 2016 Spring Meeting of Members of Council. A copy of the draft agenda was distributed to the Board members.

CGMA Global Markets

Andrew Harding, CIMA Managing Director, educated the Board on CGMA global markets. Mr. Harding discussed strategic objectives for maintaining long-term relevance, competition, opportunities and CIMA's global footprint around the world.

Firms in 2020: Implications on Talent Services and Delivery

Mark Koziel, Vice President-Firm Service and Global Alliances reported on Firms in 2020 and the implications on talent, service and delivery. Mr. Koziel informed the Board that the AICPA Private Company Practice Section Executive Committee launched the Firm inMotion e-Toolkit in 2015 to help firms stay on top of new and emerging trends, embrace generational differences and continue to meet client needs and expectations.

UAA Committee Updates

Mat Young, Vice President-State Regulatory and Legislative Affairs, provided an update on the Uniform Accountancy Act (UAA), model rules and the committee. Mr. Young shared the international pathway proposal and mutual recognition agreements.

Mr. Young presented the following proposed resolution

BE IT RESOLVED That the Board of Directors hereby authorizes the exposure for public comment of proposed changes to Section 6(g) of the Uniform Accountancy Act related to the creation of an international pathway for U.S. CPA licensure.

After discussion, upon a motion duly made and seconded, the Board approved the international pathway resolution as presented as well as the endorsement of the Exam Model Rule changes.

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There being no further business, the meeting adjourned at 11:30a.m. on Thursday, April 21, 2016.