

American Institute of Certified Public Accountants

Board of Directors

Minutes of Meeting: August 4-5, 2016

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A meeting of the AICPA Board of Directors was held Thursday, August 4 and Friday, August 5, 2016 at the AICPA's New York office. The meeting convened at 9:00am on Thursday, August 4, 2016.

Attendance

The following Board members were present:

Tim Christen, Chair
Tommye Barie
Mark Begich
Tom Broderick
Steve Christian
Paul Curth
Kimberly Ellison-Taylor
Tracey Golden
Theresa Grafenstine
Eric Hansen
DeAnn Hill
Ed Jordan
J. Michael Kirkland
Dorri McWhorter
Barry Melancon
David Morgan
Rick Niswander
Anne Northup

Margery Piercey
Bill Pirolli
Chris Schmidt
David Stanford
Mary Stone

Also present:

Erik Asgeirsson, President
CPA.com

Will Avgerakis, Director
Creative Services

Renee Brower, Executive Director
Wyoming Society of Certified Public Accountants

Michael Buddendeck, General Counsel and Secretary
General Counsel & Trial Board

Lawson Carmichael, Senior Vice President
Strategy, People and Innovation

Susan Coffey, Senior Vice President
Public Practice and Global Alliance

Heather Collins, Director
Governance

Nate Frederickson, Senior Manager
Strategy

Jamie Geary, Associate Manager
Governance

Ellen Goldstein, Director
Communications & Member Engagements

Chris Halterman, Chair
Assurance Services Executive Committee Trust Services Task Force and
Cybersecurity Working Group

Kevin Henson, Vice President
Strategy

Cynthia Lund, Vice President
State Society Affairs

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

Sherri McPherson, President/CEO
Oregon Society of Certified Public Accountants

Andrew Miskin, President
Chartered Institute of Management Accountants

Amy Pawlicki, Director
Business Reporting Assurance & Advisory Services

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

Clar Rosso, Vice President
Member Learning & Competence

Arleen Thomas, Senior Vice President
Management Accounting & Global Markets

Mat Young, Vice President
State Regulatory & Legislative Affairs

Chair's Report

Tim Christen, Chairman of the Board, opened the meeting by welcoming the Board members. Mr. Christen also welcomed Renee Brower, Executive Director of the Wyoming Society of CPAs, Sherri McPherson, President/CEO of the Oregon Society of CPAs, and Andrew Miskin, President of CIMA.

As the last official meeting of the 2015-2016 volunteer year, Mr. Christen thanked the Board members for all of their hard work this year and opened up the floor for Board members to reflect on the accomplishments of the year and outlooks on the evolution of the joint venture.

Approval of the Minutes

After discussion, upon a motion duly made and seconded, the minutes of the April 20, 2016 executive session meeting and the April 20-21, 2016 regular 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 AICPA's ten strategic priorities and 40 underlying initiatives including enhancing audit quality, peer review, CGMA/CPA pipeline, specializations and credentials, relationship management, assurance and audit, the launch of RIVIO, auditing in the future, CPAs' competency and learning, member engagement and state society collaboration pilots.

Mr. Melancon continued his report by giving an update on public practice initiatives, and he introduced Mark Peterson, Senior Vice President-Governmental and Public Affairs, who reported on Washington developments, including emerging federal legislative initiatives on terrorism financing and money laundering that may affect the profession, and various proposals for reforms to the Dodd-Frank Act.

Mr. Melancon gave an overview of the proposed resolution regarding the AICPA Board's endorsement of the work of the Joint AICPA/NASBA CPE Standards Committee on the Fields of Study, and its further endorsement of the proposed additions to the UAA Model rules. After discussion, upon a motion duly made and seconded, the Board approved the following resolution on Uniform Accountancy Act:

WHEREAS, The Board of Directors approved exposure of proposed amendments to the Uniform Accountancy Act (the "UAA") related to retired CPAs and endorsed exposure of proposed amendments to UAA Model Rules related to retired CPAs; and

WHEREAS, The Board has reviewed proposed amendments to be made to Section 6(d) of the UAA statute and to UAA Model Rules related to retired CPAs that were made as a result of the exposure process;

NOW BE IT RESOLVED, That the Board of Directors hereby approves the proposed amendments to Section 6(d) of the Uniform Accountancy Act and directs that the UAA statute be revised as set out in the material provided to the Board; and

BE IT FURTHER RESOLVED, That the Board supports the joint work of the AICPA and NASBA UAA committees in connection with retired CPAs and hereby endorses the proposed language in the proposed amendments to UAA Rule 6-7 that were provided to the Board.

Mr. Melancon concluded his report with a discussion of the use of InLine XBRL to make data more machine readable, as well as the well-received Firm inMotion toolkit.

2016 State Legislative and Regulatory Update

Mat Young, Vice President — State Regulatory & Legislative Affairs, provided a state legislative and regulatory update. Mr. Young cited promoting uniformity, protecting the public interest, advocacy, and defense against emerging risks as a few of the year's achievements while also noting CPAs at the state level in government are among our biggest allies.

Mr. Young recapped the definition of attest legislative initiative and shared the progress made among states on enacting a more comprehensive definition of attest. Mr. Young also provided an update on firm mobility, the impact of the NC Dental Board of Examiners court ruling, tax preparer registration at the state level, and the concerns surrounding CPAs providing services to marijuana businesses.

Mr. Young concluded his presentation with an overview of issues on the horizon, including cybersecurity and CPE model rules.

Statement on Standards for CPE Programs

Clar Rosso, Vice President - Member Learning & Competence, presented an overview and a resolution to approve the Statement on Standards for CPE, previously approved by NASBA. After discussion, upon a motion duly made and seconded, the Board approved the following resolution on the Statement on Standards for CPE:

WHEREAS, The AICPA Board of Directors approved the exposure of the revised AICPA and NASBA Statement on Standards for Continuing Professional Education (CPE) Programs, and the revised Fields of Study; and

WHEREAS, The AICPA Board of Directors has reviewed the revisions that the Joint AICPA/NASBA CPE Standards Committee has submitted for the Standards for CPE Programs, and Fields of Study that were made as a result of the exposure process;

NOW BE IT RESOLVED, That the AICPA Board of Directors hereby approves the AICPA and NASBA Statement on Standards for CPE Programs as set out in the material provided to the Board and approves them for inclusion as an appendix to the UAA; and

BE IT FURTHER RESOLVED, That the AICPA Board of Directors endorses the work of the Joint AICPA/NASBA CPE Standards Committee on the Fields of Study and endorses the proposed language which is to be included as an appendix to the UAA Model Rules

Ms. Rosso also gave an update on the change in requirements for renewing AICPA credentials, which will include more emphasis on maintaining competencies in the credential disciplines and bodies of knowledge.

Finance Committee Report

Eric Hansen, Chairman of the Finance Committee, and Anthony Pugliese, Senior Vice President and Chief Operating Officer, provided an update on the final FY16 forecast, which reflected an operating deficit of \$6.6M, primarily as a result of the initiatives of evolving the Joint Venture with CIMA.

Mr. Hansen and Mr. Pugliese stated AICPA's membership continues to grow, and the Institute exceeded the budget for FY16 ending with 418,000 members by July 31, 2016. They also stated retention rate for members was 94.81%, with more than 22,500 new members joining in the current fiscal year.

Mr. Hansen and Mr. Pugliese also stated the long term investments continue to perform in line with the respective benchmarks.

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

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

Audit Committee Report

Tracey Golden, Chair of the Audit Committee, stated the Committee received an update from CohnReznick LLP and from the Internal Audit, Risk & Compliance (iARC) team on the Audit Committee charter, the FY16 audit and internal controls. She also stated the Committee received updates on iARC's FY16 project plan and reviewed and approved the iARCs FY17 five-month plan. Ms. Golden further stated the Committee was updated on the Association's audit and risk considerations and the plans to change the Institute's fiscal year to a December 31 year-end. She reported the Committee had approved the five-month stub period audit. Ms. Golden also reported the Committee received an update from Information Technology on ongoing key projects and technology initiatives related to forming the Association.

Legal Update

Michael Buddendeck, General Counsel and Secretary, delivered the Secretary's Report (reflecting membership ballot Nos. 972, 973, and 974 for the time period of 4/14/16 to 7/20/16 admitting 5,856 members, accepting 178 resignations, 342 reinstatements and 142 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.

The Future of CPA Services for Cyber Risk Management

Amy Pawlicki, Director - Business Reporting Assurance & Advisory Services, and Chris Halterman, Chair – Assurance Services Executive Committee Trust Services Task Force and Cybersecurity Working Group, began their presentation by describing the technical work being done to develop guidance for members in public practice who are conducting cyber advisory services. Ms. Pawlicki and Mr. Halterman noted cybersecurity has evolved into a critical business issue and reviewed the Institute’s project to develop subject matter and attestation guidance for reporting on a cybersecurity risk management program of an entity. Ms. Pawlicki and Mr. Halterman concluded the presentation by noting the wide array of constituencies providing input and concerns as well as the next steps in the project.

FY17 Annual Plan Review

Kevin Henson, Vice President—Strategy, and Rekha Perumallu, Senior Manager—Strategy, presented the final FY17 Annual Plan. Mr. Henson and Ms. Perumallu presented the strategic priorities and underlying initiatives for FY17 and highlighted the FY16 accomplishments.

After discussion, upon a motion duly made and seconded, the Board approved the FY17 annual plan.

Opening Up the US Market to CGMA

Ms. Arleen Thomas, Senior Vice President – Management Accounting & Global Markets, and Mr. Nate Fredrickson, Senior Manager – Strategy, reported on the new pathway for other qualified professionals to earn the CGMA designation. Ms. Thomas and Mr. Fredrickson noted the CGMA Program will be based on the global credential and will be customized for the U.S. market. In addition, Ms. Thomas and Mr. Fredrickson communicated three key items resulting from the current process: continued professionalization of management accounting in the U.S.,

better CGMA brand recognition, and a new partnership opportunity between the AICPA and state CPA societies.

Review of the 2016-2017 Senior Committees

Kimberly Ellison-Taylor, Vice Chair, gave an update on the committee appointments meeting that was held on August 2, 2016 and asked the Board to review the proposed nominees for senior AICPA committees in 2016-2017.

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

Recommendation of Candidates for the 2016-2017 AICPA Nominations Committee

Mr. Christen, Mr. Melancon, and Heather Collins, Director—Governance, reported on the recommended slate for the 2016-2017 Nominations Committee and asked the Board for its approval.

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 C**.

Review Agenda for the 2016 Fall Meeting of Council/Annual Members' Meeting

Mr. Christen, Mr. Melancon, and Ms. Collins presented the proposed agenda for the 2016 Fall Meeting of Council, reported on the highlights and received feedback from the Board members.

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There being no further business, the meeting adjourned at 12:00pm on Friday, August 5,
2016.