

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

FALL MEETING OF COUNCIL/ANNUAL MEMBERS' MEETING

OCTOBER 19-21, 2015

MAUI, HAWAII

MINUTES OF MEETING

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A meeting of the Council of the American Institute of Certified Public Accountants convened at 2:31 PM on Monday, October 19, 2015, at The Ritz-Carlton Kapalua in Maui, Hawaii.

Tommye Barie, Chair of the Board, presided.

Attendance

A record of attendance for the Council is listed in **Appendix A** in the official minute records of the AICPA.

MONDAY, OCTOBER 19, 2015

Welcome and Opening Remarks by the Chairman of the AICPA Board of Directors

Tommye Barie, Chair of the Board, welcomed everyone to the AICPA's 2015 Fall Meeting of Council. Ms. Barie then declared a quorum to be present and outlined the agenda for the meeting. She then announced this year's Sustained Contribution Award recipients – Gary Boomer, Stu Kessler, John Lacey and Mary MacBain - and outlined the qualifications for the award.

Elected Member Council Vacancy from Delaware

Ms. Barie announced Valerie Middlebrooks of Delaware had been nominated to fill a vacancy for a one-year term that will expire in November of 2016. Upon a motion duly made and seconded, Council approved the election of Ms. Middlebrooks to fill the vacancy for the duration of the unexpired term.

Peer Review Board Vacancy

Ms. Barie announced Dawn Brenner of California had been nominated to fill the unexpired term of Tad Porch, who recently resigned from the Peer Review Board. Upon a motion duly made and seconded, Council approved the election of Ms. Brenner to fill the vacancy for the duration of Mr. Porch's unexpired term.

Approval of the Minutes from the 2015 Spring Meeting of Council

Upon a motion duly made and seconded, the minutes of the May 17-19, 2015 meeting of Council were unanimously approved.

Presentation of the Gold Medal Award

Ms. Barie explained the Gold Medal for Distinguished Service is the highest honor bestowed by the AICPA to a member. She acknowledged past Gold Medal recipients and introduced Kathy Johnson, a member of the Awards Committee, to present the Gold Medal to this year's recipient, Greg Anton. Mr. Anton accepted the award and thanked his family and colleagues who helped him through his career.

Update from the National Association of State Boards of Accountancy (NASBA)

Walter Davenport, Chairman of the National Association of State Boards of Accountancy, gave an update on the activities of NASBA, the ten-year anniversary of the computerized delivery of the Uniform CPA exam, CPA mobility, and embracing the future.

Next Generation of the CPA Exam

Arleen Thomas, Senior Vice President-Management Accounting & Global Markets, provided an update on the next version of the CPA Exam. Ms. Thomas discussed the importance of real-time practice analysis and the pace of change in the profession.

Rick Niswander, Chairman of the Board of Examiners, discussed CPA Exam content and design. He stressed the importance of increasing the testing of higher order skills, such as critical thinking and problem-solving, which are driving many of the proposed changes to the CPA Exam.

Michael Decker, Vice President-Examinations, discussed the launching of the next version of the CPA Exam in April 2017. He reported on research being done to assess professional skepticism; scoring questions electronically via computer; and that AICPA is working very closely with NASBA and the State Boards to streamline test prep, registration, eligibility and administration.

Guest Speaker – Daniel Burrus

Daniel Burrus, Business Strategist & Technology Futurist, discussed using hard trends to anticipate disruptive forces and identify opportunities.

The Sunday session of the 2015 Fall Meeting of Council concluded at 5:07PM

TUESDAY, OCTOBER 20, 2015

Welcome by the Chair of the Board

Ms. Barie declared the Annual Meeting of the AICPA to be in session and gave an overview of the day's agenda.

Professional Issues Update

Barry Melancon, President and CEO, began by presenting a short video on a day in the life of Tommye Barie, which highlighted her year as Chair.

Mr. Melancon reported an increasing demand for specialization and soft skills, and the need to transfer leadership skills possessed by baby boomers to the next generation. He noted that state CPA societies and firms are investing more in leadership programs.

Mr. Melancon noted the long-lasting value of AICPA's Horizon's 2025 project and reiterated the core values that have served the profession well over the years - integrity, competency, lifelong learning, objectivity and commitment to excellence.

Mr. Melancon noted the important work being done in the areas of data analytics and auditing, and the need to embed methodology enhancements in firms of all sizes.

Mr. Melancon gave an overview of the challenges expected during the upcoming tax season, and the profession's work to help practitioners. He gave an update on XBRL; Integrated Reporting; and Tax. He also reported on the tax preparer regulation issue, and noted various legislative initiatives. Mr. Melancon addressed the continuing work of the profession on IRS service levels, tax extenders, disaster relief, and the changes that

need to be made to help the public and practitioners. Mr. Melancon also reported on various advocacy issues such as mobile workforce, patent trolls, DOL overtime rules, cash basis and tax reform. He discussed attestation, individual and firm mobility, and retired CPA status legislative initiatives.

Mr. Melancon outlined several current issues in financial reporting and business assurance services, including the PCAOB's current projects on audit quality indicators. Mr. Melancon invited Mark Peterson, Senior Vice President of Congressional Political Affairs, to give a brief update on the legislative and regulatory environment.

Mr. Melancon shared highlights of the recent Private Companies Practice Section (PCPS) survey, and outlined several AICPA initiatives to meet the needs of small, medium and large firms.

Mr. Melancon observed generational changes in the workplace, and its effects on firms' and companies' business models, and the upcoming influence of "Generation Z" as it begins to enter the workforce.

Mr. Melancon reported on the two new fair value specializations that were approved by Council in May 2015, and noted the strong interest in the new Not-for-Profit section, along with the value that the profession's perspective brings to the non-profit industry.

Mr. Melancon closed his remarks with a brief update on financial literacy initiatives and programs that help to educate Americans of all ages on financial topics.

National Commission on Diversity and Inclusion Update

Richard Caturano, Member of the National Commission on Diversity and Inclusion and former Chairman of the Board, discussed the importance of the work being done by the National Commission on Diversity and Inclusion. Mr. Caturano provided an update on the Commission's accomplishments and described his own perspective on the importance of diversity and inclusion.

CPA Pipeline Next Steps

Joanne Fiore, Vice President-Professional Media, Pathways and Inclusion, and Sharon Lassar, Member of the Pre-certification Education Executive Committee discussed AICPA's research strategy and numerous programs designed to keep the CPA pipeline full. They reported that research results demonstrate that the CPA is a valued credential that opens doors and is relevant to broader business and finance fields. They noted that environmental factors, both at school and work, play a large role in encouraging the pursuit of the CPA.

Enhancing Audit Quality – Update and Next Steps

Sue Coffey, Senior Vice President–Public Practice & Global Alliances, gave an update on the profession's ongoing commitment to quality. She noted the continuing work on the six-point plan and the goal of aligning all AICPA audit-related objectives and efforts to enhance audit performance. Ms. Coffey also reported that the concept paper on Practice monitoring of the Future received excellent input and advice from a variety of stakeholders, and that input would help shape future initiatives.

Report from CPA.com

Erik Asgeirsson, Chief Executive Officer – CPA.com, gave an update on the recent activities of CPA.com, including enhanced services for firms and businesses. He also previewed the upcoming launch of a new financial information clearinghouse that will provide a secure cloud-based platform for sharing audited financial statements.

Evolving and Promoting the Ongoing Relevance of Assurance

Theresa Grafenstine, member of the AICPA Board of Directors and former member of the Assurance Services Executive Committee spoke about the evolving assurance landscape and the AICPA's innovation activities in the assurance area that are helping prepare the profession for the future. She discussed the importance of evolving the financial statement audit, as well as the opportunities around assurance and in other financial and non-financial areas.

Ms. Barie announced this concluded the Annual Members Meeting.

Breakout Sessions

Ms. Barie invited Council members to participate in breakout sessions for the remainder of the business day.

The Tuesday session of the 2015 Fall Meeting of Council concluded at 5:00PM

WEDNESDAY, OCTOBER 21, 2015

Closing Comments by the Chair of the Board

Ms. Barie opened the session with some personal remarks about her year as Chair and reviewed the agenda for the day.

Report on Finance and Operations

Gary Reynolds, Chairman of the Finance Committee, and Anthony Pugliese, Senior Vice President & Chief Operating Officer, reported on key financial activities, including highlights of membership, the CPA Exam, the performance of AICPA investments and pension plan, and key operational activities that took place during the year. Mr. Reynolds reviewed the audited financial statements for fiscal year 2015 and noted that the AICPA's Board of Directors had unanimously approved the audited financial statements in September.

The financial statements are at **Appendix B** in the official minutes of the AICPA.

Addressing CGMA Marketplace Demand

Kimberly Ellison-Taylor, Vice Chairman Nominee, discussed the growing demand for CGMA in the marketplace and offered a proposed resolution for Council's consideration.

BE IT RESOLVED, That Council authorizes that other qualified professionals, who are not eligible to otherwise become voting members of AICPA and who satisfy education, examination and experience requirements, as set by the Board of Directors, may be eligible to obtain the CGMA credential as AICPA non-voting associate members who are subject to the AICPA Code of Professional Conduct and applicable laws.

Upon a motion duly made and seconded, Council unanimously approved the resolution.

Report from the Audit Committee

Tracey Golden, Chair of the Audit Committee provided a report on the committee's activities including review of the internal and external audit processes of the AICPA, update of the Audit Committee charter and internal audit risk and compliance mission and charter, and approval of the internal audit risk and compliance team's fiscal year 2016 project plan. She stated that a copy of the AICPA's annual report was included in the Council materials, and that the report had been approved by both the Audit and Finance Committees, as well as the Board of Directors.

Ms. Golden requested a motion to approve the reappointment of CohnReznick LLP as the independent auditor of the AICPA for the year ending July 31, 2016. Upon a motion duly made and seconded, Council approved the reappointment of CohnReznick LLP as the independent auditor of the AICPA for the year ending July 31, 2016.

Creating a Retired CPA Status Under State Laws

Mat Young, Vice President-State Regulatory & Legislative Affairs, provided background on the initiative to create a retired CPA status and changes needed in the Uniform Accountancy Act. He reviewed the proposed resolution that would enable the AICPA Board to consider the creation of a new retired CPA status in the UAA.

Upon a motion duly made and seconded, Council unanimously approved the following resolution:

Council Resolution

WHEREAS, The Council approved the report of the Committee on the Future of Regulation of the Profession in 1997, which included restrictions for purposes of state accountancy laws, on the activities that may be undertaken by inactive and/or retired CPAs who are exempt from continuing professional education ("CPE") requirements; and

WHEREAS, CPAs in the Baby Boomer generation are now becoming eligible for retirement, with more than a quarter-million AICPA members being eligible to retire in the next five years; and

WHEREAS, These retiring CPAs will continue to have much to contribute to their community, including specialized knowledge and skills that would greatly benefit non-profit organizations and government-sponsored mentoring and tax preparation programs; and

WHEREAS, The Council believes the public would be best served if retired CPAs are allowed to provide services and expertise in certain volunteer capacities, even if exempt from CPE requirements; and

WHEREAS, The Council is committed to the need to focus regulation to sustain the protection of the public where it is most critical and to adapt regulations to the needs of the public with an awareness of the impact on the profession; and

WHEREAS, Inactive and/or retired CPAs are subject to the laws, regulations, and oversight of their respective state boards of accountancy; and

WHEREAS, The Council has considered this matter and has concluded that the Board of Directors may authorize revisions to restrictions applicable to inactive and/or retired CPAs for purposes of the accountancy laws in a manner consistent with the material provided to Council; now

BE IT RESOLVED, that the Board of Directors is hereby authorized to approve any amendments related to inactive and/or retired CPAs in the Uniform Accountancy Act and to take any other action necessary to carry out these resolutions of Council as the Board, in its discretion, deems advisable.

Open Forum

The Chair invited questions and comments from members of Council and guests. Mr. Melancon also addressed several questions that arose from his professional issues update.

Report of the AICPA Nominations Committee

Bill Balhoff, Chairman of the Nominations Committee and former Chairman of the Board, presented the report of the 2014-15 AICPA Nominations Committee. In accordance with the Institute's bylaws, the Committee held meetings and subsequently published its report on the AICPA website in April of 2015.

Mr. Balhoff put forth the slate of members nominated as Council members-at-large for three-year terms ending in 2018. Upon a motion duly made and seconded, Council unanimously approved the election of the nominees for Council members-at-large.

Mr. Balhoff put forth the slate of nominees for directly elected members of Council. Notice of these nominations was also placed on the AICPA website. Upon a motion duly made and seconded, Council unanimously approved the election of the nominees to be directly-elected Council members.

Mr. Balhoff put forth the slate of nominees for the Joint Trial Board to fill three vacancies, as well as reappointment of nine members for an additional three-year term. Upon a motion duly made and seconded, Council unanimously approved the election of the nominees to the Joint Trial Board.

Mr. Balhoff put forth the individuals nominated for election to the Peer Review Board. Upon a motion duly made and seconded, Council unanimously approved the election of the nominees to the Peer Review Board.

Mr. Balhoff put forth the slate of nominees to serve on the AICPA Nominations Committee for the year 2015-2016. Upon a motion duly made and seconded, Council unanimously approved the election of the Nominations Committee members. The Nominations Committee report is at **Appendix C** in the official minute records of the AICPA.

Mr. Balhoff put forth the nominations for membership on the AICPA Board of Directors, for a three-year term, as follows: Paul Curth of New York, Frederick Niswander from North Carolina, Representative Anne Northup of Kentucky as a public member, William Pirolli of Rhode Island, Christopher Schmidt of Washington, David Stanford of the United Kingdom (nominated to fill a one-year public member, unexpired term of Myriam Madden), and Mary Stone of Alabama. Upon a motion duly made and seconded, Council unanimously approved the election of these nominees.

Mr. Balhoff put forth the nomination of Kimberly Ellison-Taylor for the position of Vice Chairman of the Board for 2015-2016. Upon a motion duly made and seconded, Council unanimously approved her election.

Mr. Balhoff then put forth the nomination of Tim Christen as AICPA Chairman of the Board of Directors for 2015-2016. Upon a motion duly made and seconded, Council unanimously approved his election.

Closing Comments by the Chair of the Board

There being no further business, Ms. Barie stated upon conclusion of Mr. Christen's inaugural speech, the meeting will adjourn.

The meeting was adjourned at 11:31 a.m. on Wednesday, October 21, 2015.