
American Institute of Certified Public Accountants

Board of Directors

Minutes of Meeting: January 29 – 30, 2015

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A meeting of the AICPA Board of Directors was held Thursday, January 29 and Friday, January 30 at the AICPA's New York office. The meeting convened at 1:00pm on Thursday, January 29, 2015.

Attendance

The following Board members were present:

Tommye Barie, Chair
Tim Christen, Vice Chair
Grant Ashley (participated via telephone Friday)
Nancy Bagranoff
Bill Balhoff – Immediate Past Chair
Tom Broderick
Steve Christian
Kimberly Ellison-Taylor
Tracey Golden (Thursday only)
Theresa Grafenstine
Eric Hansen
DeAnn Hill
Jean Hobby (participated via telephone Thursday only)
Ed Jordan
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 & Practice Quality

Michael Buddendeck, General Counsel and Secretary

General Counsel & Trial Board

Catey Bullard, Manager (via phone)

Governance

Lawson Carmichael, Senior Vice President

Strategy, People and Innovation

Michael Cerami, Vice President

Corporate Alliances

Susan Coffey, Senior Vice President

Public Practice and Global Alliance

Heather Collins, Director

Governance

Penny Gold, CEO

Kentucky Society of CPAs

Ellen Goldstein, Director

Communications & Member Engagements

Kevin Henson, Vice President

Strategy

Jay Hyde, Director

Media Relations

Jeannette Koger, Vice President

Member Specialization & Credentialing

Cynthia Lund, Vice President

State Society Affairs

Janice Maiman, Senior Vice President

Communications, Media, News & Professional Pathways

Erin McCormack, Director

Innovation

Gil Nielsen, Director

Media Relations
Dan Noll, Director
Accounting Standards
Eddy Parker, Associate Director
Forensic & Valuation Services
Rekha Perumallu, Senior Manager
Strategy
Stephanie Peters, President & CEO
Virginia Society of CPAs
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
Arleen Thomas, Senior Vice President
Management Accounting & Global Markets
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. In remembrance of the late Dave Moynihan, Board member from New York, Ms. Barie asked for a moment of silence to recognize his service to the accounting profession.

Ms. Barie also welcomed Penny Gold, CEO of the Kentucky State Society of CPAs, and Stephanie Peters, President & CEO of the Virginia Society of CPAs.

Ms. Barie announced a seat vacancy on the Peer Review Board held by Deloitte. The Chair and staff liaison for the Peer Review Board recommended Alex Schillaci from Deloitte to fill the vacancy. After discussion, upon a motion duly made and seconded, the Board approved the replacement.

Ms. Barie continued by giving an update on her activities and travels since the November Board meeting, including the SEC/PCAOB Conference, Major Firms Group meeting, and PCPS Executive Committee meeting.

Approval of the Minutes

After discussion, upon a motion duly made and seconded, the minutes of the November 20-21, 2014 Board of Directors 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 number of topics including the impact of marijuana legislation on CPA firms, NASBA's taskforce on CPE compliance standards, and Financial Literacy and the Ad Council. Mr. Melancon also provided an update on Major Firms Group activities.

Mr. Melancon continued his report by giving an update on numerous global regulatory matters including mobility for Canadian and U.S. CPAs between the two countries, IOSCO, the Department of Labor (DOL) study, as well as the IRS lawsuit. Mr. Melancon announced the AICPA's intent to appeal the district court's decision in the IRS matter.

The Board heard from Mr. Melancon on the next phase of the Pathways project, as well as Part II of the Accounting Doctoral Scholarship program.

Mr. Melancon announced the Journal of Accountancy introduced an enhanced website, and he noted the success of the recent third annual Digital CPA Conference that is organized by CPA.com.

Women’s Initiatives Executive Committee

Melissa Hooley, Chair of the Women’s Initiatives Executive Committee, and Yasmine El-Ramly, staff liaison for the committee, and Senior Technical Manager—Firm Services and Global Alliances provided the Board with an overview of the committee’s guiding principles, and shared the committee’s revised mission statement. Ms. Hooley and Ms. El-Ramly identified visible role models in the accounting profession, and highlighted AICPA’s Board composition occupied by 50% women. Ms. Hooley and Ms. El-Ramly’s presentation to the Board focused on the current state of affairs in regards to women advancing in the accounting profession, as well as recommendations for the future.

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 FY15 iARC Plan, external audit, the iARC Quality Assurance and Improvement Program, and the AICPA Roadmap initiative. In addition, Ms. Golden reported the Committee had reviewed the AICPA cybersecurity approach.

Washington Federal Advocacy

Mark Peterson, Senior Vice President—Governmental & Public Affairs, updated the Board on developments in Washington, DC. He shared that the AICPA is fostering new relationships with many of the 61 “freshman” in the current Congress.

Mr. Peterson reported on a number of legislative issues including: mobile workforce, STEM, patent trolls, SOX 404b, Immigration, DOL fiduciary, and cybersecurity. Mr. Peterson also identified expected areas of focus for the Senate Banking Committee and House Financial Services Committee.

Mr. Peterson concluded his presentation with an update on EEOC and other advocacy activity.

FY16-18 Strategic Plan Update

Kevin Hansen, Vice President—Strategy, and Rekha Perumallu, Senior Manager—Strategy, updated the Board on the development of the FY16-18 strategic plan. Mr. Hansen and Ms. Perumallu reviewed the strategic planning approach for FY16-18 and facilitated a scenario planning activity with members of the Board which included discussion of future trends, pre-determined elements, and critical uncertainties.

Mr. Hansen and Ms. Perumallu concluded their presentation by outlining next steps in the development of the FY16-18 strategic plan.

Practice Quality

PEER REVIEW BOARD

Jim Brackens, Vice President—Ethics and Practice Quality and Anita Ford, Chair of the Peer Review Board (PRB) provided the Board with an overview of the Department of Labor completeness project, and informed the Board of the PRB actions related to the project.

Mr. Brackens and Ms. Ford concluded their presentation with a report on Peer Review upcoming changes based on the Enhancing Audit Quality (EAQ) initiative.

EBPAQC AND GAQC

Ian MacKay, Director—Federal Regulatory Affairs, and Alice Wunderlich, Chair of the EBPAQC Executive Committee, provided the Board with an update on the Center’s current activities. Mr. MacKay’s and Ms. Wunderlich’s presentation focused on the committee’s efforts to support AICPA audit quality initiatives, the committee’s work on member tools and resources, interaction with the Department of Labor and the Financial Accounting Standards Board.

Mary Foelster, Director—Governmental Auditing and Accounting, and Brian Schebler, Chair of the GAQC Executive Committee provided the Board with an update of the Center’s major activities, including the committee’s work with the Office of Management and Budget, Governmental Accounting Standards Board (GASB), and AICPA in support of the EAQ initiative.

Ms. Foelster and Mr. Schebler concluded their presentation with a review of the upcoming GAO 2018 study of single audit quality.

Finance Committee Report

Gary Reynolds, Chairman of the Finance Committee, gave an update on the FY15 forecast, which reflected an operating profit of \$100K in line with the original budget. He reported revenue from products is forecasted to exceed last year's actual results by nearly \$4.5M resulting in \$2.6M of net contribution.

Mr. Reynolds reported AICPA had some minor increases in expenses in select areas which were offset by an increase in dues revenue. He informed the Board that the AICPA is on track to exceed new membership goals and retention rates and is in a great position to exceed FY15 budget with forecast of 404,000 members by July 31. Mr. Reynolds stated that the AICPA has renewed 93% of membership, compared to 92% this same time last year. In addition, he reported that more than 13,300 new members have joined the AICPA in the current fiscal year, compared to 9,500 at this same time last year.

Mr. Reynolds stated that in FY15, the AICPA is expecting a maximum use of the line of credit of approximately \$13M 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 benchmark, and the portfolio had year to date gains of approximately \$2.2M.

Mr. Reynolds concluded his presentation with an update on the current Washington office lease which expires in September 2016. Mr. Reynolds presented a resolution to the Board authorizing management to negotiate a new lease. After discussion, upon a motion duly made and seconded, the resolution was approved by the Board.

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

Legal Update

Michael Buddendeck, General Counsel and Secretary, delivered the Secretary's Report (reflecting membership ballot Nos. 954, 955, and 956 for the time period of November 8, 2014 to January 16, 2015 admitting 106 members, accepting 37 resignations, 150 reinstatements and 44 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.

Regional Council 2015 Agenda Review

Tommye Barie, Barry Melancon, and Heather Collins, Director of Governance, presented the proposed agenda for the 2015 Regional Meetings of Council, and took feedback from Board members.

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There being no further business, the meeting adjourned at 12:45p.m. on Friday, January 30, 2015.