

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

SPRING MEETING OF COUNCIL
MAY 18-20, 2014
SCOTTSDALE, AZ

MINUTES OF MEETING

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A meeting of the Council of the American Institute of Certified Public Accountants convened at 2:30 PM on Sunday, May 18, 2014, at the Fairmont Scottsdale Princess in Scottsdale, AZ.

William Balhoff, Chairman 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.

Sunday, May 18, 2014

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

Bill Balhoff, Chairman of the Board, began by welcoming everyone to the AICPA's 2014 Spring Meeting of Council. The Chairman declared a quorum to be present. He outlined the agenda for the meeting and moved to the first agenda item.

Elected Member Council Vacancy from Wyoming

Mr. Balhoff announced that Alexandra Wilkinson of Wyoming had been nominated to fill a vacancy for a term that will expire in October 2015. Upon a motion duly made and seconded, the members of Council approved the election of Ms. Wilkinson to fill the vacancy for the duration of the unexpired term.

Approval of the Minutes from the 2013 Fall Meeting of Council/Annual Members' Meeting

Upon a motion duly made and seconded, the minutes of the October 20-22, 2013 meeting of Council were unanimously approved.

Presentation of the Medal of Honor Award

Mr. Balhoff explained the Medal of Honor is awarded to an individual who is not a CPA but whose work has had a significant impact on the CPA profession, and presented this year's award to Gary Scopes. Mr. Scopes accepted the award and thanked family, friends and colleagues who helped him through his career.

Guest Speaker – Richard Davis

Mr. Balhoff introduced guest speaker, Mr. Richard Davis, Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Davis discussed the topic of American business, regulation and the role of American business in today's society and answered questions from Council members.

Presentation of the 2013 AICPA Individual Public Service Award

Jim Curry, Chair of the AICPA Awards Committee, presented the AICPA's 2013 Public Service Award for Individuals to Diane Cornwell from Kentucky. Ms. Cornwell thanked the AICPA, the Awards Committee and the Kentucky Society, as well as her family for their support of her public service work.

Reinforcing the Profession's Commitment to Quality

Sue Coffey, Senior Vice President – Public Practice & Global Alliances, gave an update on short-term and long-term plans to address the evolution of practice-monitoring and addressed audit quality issues detected both in our peer Review Program and through the regulatory community. She noted the importance of partnering with state CPA societies, the regulatory community and others in enhancing audit quality.

360 Degrees of Financial Literacy Ten Year Anniversary

Ernie Almonte, Chairman of the National CPA Financial Literacy Commission, presented an overview of the impact the 360 Degrees of Financial Literacy program has made in the past ten years to improve Americans' understanding of their personal finances. He noted the AICPA, along with the state CPA societies, have undertaken numerous successful initiatives to provide financial education to Americans. He also noted the AICPA websites, public service announcements and the Feed the Pig campaign, which have won numerous awards.

The Sunday session of the 2014 Spring Meeting of Council concluded at 5:05 PM.

Monday, May 19, 2014

Opening Remarks

Mr. Balhoff opened the session by thanking everyone who attended and contributed to the PAC breakfast, and outlined the agenda for the day.

Report from the President and CEO

Barry Melancon, President and CEO, gave an extensive professional issues update which covered various topics, including the ten-year anniversary of the computerization of the CPA exam, human capital issues facing the profession, the continued growth of the outsourcing market. He also noted the rapid changes in technology, and its opportunities for the profession. Mr. Melancon outlined the AICPA's work on numerous advocacy issues, and noted the many AICPA resources available to members to meet requests for third-party verifications.

Mr. Melancon also noted the profession's continuing concerns with the IRS's possible introduction of a voluntary annual filing season program. He also encouraged Council members, firms and state CPA societies to communicate with federal legislators regarding the profession's opposition to any limitations on the use of cash basis accounting for tax purposes. He also highlighted the success of the passage of the DATA Act and noted the profession-wide effort behind it.

He also acknowledged the work of the Center for Audit Quality (CAQ) in developing audit quality indicators, and he outlined the early successes of the Center for Plain English Accounting (CPEA). Mr. Melancon noted with regret the passing of Dr. Tom Ratcliffe, who helped establish the CPEA, and who was a former member of Council.

Mr. Melancon introduced Erik Asgeirsson, CEO of CPA2Biz, who gave an update technology initiatives and the mission to empower CPAs and businesses for the digital age. Mr. Asgeirsson also announced that CPA2Biz would become CPA.com to reflect more accurately the strategic vision for the company.

Mr. Melancon noted that the AICPA and NASBA have continued to work on updating the definition of attest, and that many states are working to enact the updated language. He also updated Council on the work of the Diversity Commission, including the forthcoming release of an inclusion maturity model.

Mr. Melancon concluded by noting that remarks of most Council speakers would be available shortly after the meeting on AICPA.com and he thanked Council members, state CPA society staff and leaders, and AICPA staff for their commitment to the profession.

Guest Speaker - Greg Ip

Greg Ip, Economics Editor for *The Economist* discussed America's economic recovery and the U.S. budget negotiations, and answered questions from the audience.

Future of Learning: Recommendations for Transforming Learning and for the Profession

Lawson Carmichael, Senior Vice President of Strategy, People and Innovation, Anthony Pugliese, Senior Vice President & Chief Operating Officer and Clar Rosso, Vice President of Member Learning and Competency presented an extensive report on the work of the Future of Learning Task Force. They covered the need for change, the research and inputs used, and the conclusions and recommendations of the task force, which are to innovate and experiment; ignite a passion for learning; make learning personal; and measure what matters. Mr. Pugliese announced that the AICPA has partnered with Khan Academy to pilot accounting and finance content on its platform, and Mr. Carmichael gave a preview of the Future of Learning microsite which will become available soon. He also noted that the AICPA will begin exploring how to address, adopt, and implement an optional competency based program. Mr. Carmichael thanked the members of the Future of Learning Task Force for their contributions.

Report from the Finance Committee

Tom Hilton, Chairman of the Finance Committee and Anthony Pugliese reported on the interim financial statements and presented the budget for next year. Mr. Hilton covered the current forecast, provided highlights of our membership operations and balance sheet, gave an update on the pension plan and requested the Council's approval of the fiscal '15 budget.

Upon a motion duly made and seconded, the budget of the American Institute of Certified Public Accountants for fiscal '15, as presented to Council, was approved and adopted. The financial statements are at **Appendix B** in the official minute records of the AICPA.

The Monday session of the 2014 Spring session of Council adjourned at 5:10 PM.

Tuesday, May 20, 2014

Opening Remarks

Mr. Balhoff opened the session and reviewed the upcoming day's agenda items.

Mr. Balhoff announced that based on the positive reactions from Council regarding the Future of Learning report presented the previous day, a resolution had been submitted for Council's consideration that would provide directional support for Future of Learning initiatives. He noted that the resolution had been distributed, and read as follows:

WHEREAS, The accounting profession's more than 40-year commitment to lifelong learning hinges on ongoing relevancy and requires that competency development evolve with technology, generational expectations, the pace of change and complexity in the world, and

WHEREAS, The AICPA's Future of Learning Task Force report, addressing the skills CPAs need to acquire as well as how they acquire them, will be available to all AICPA members in an interactive micro site in the summer of 2014, and

WHEREAS, The Task Force recommendations were forged with the feedback of Council, state CPA societies, AICPA members, interested third parties and regulators

NOW THEREFORE BE IT RESOLVED, That the AICPA Council enthusiastically supports the themes of the Future of Learning Task Force's report to evolve the way we engage, develop, deliver and measure the learning of accounting professionals and encourages all members to participate in dialogue and drive change to ensure the profession maintains its leadership position, relevancy and attractiveness, and

BE IT FURTHER RESOLVED, That the AICPA, engaging with state CPA societies, NASBA, state boards of accountancy, federal regulators and other stakeholders, should provide leadership to evolve the profession's learning strategies and structure giving due consideration to change management, timeframes, and relevant measurement approaches.

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

Guest Speaker – Daniel Berman

Daniel Berman, Adjunct Professor at Boston University School of Law and a Principal at McGladrey, LLP, discussed developments in tax reform, and answered questions from the audience.

Progress on Pathways: A Report of the Pathways Commission

William Ezzell, Co-Chairman of the Pathways Commission, reported on the progress being made by the Pathways Commission, which is a joint initiative of the AICPA and the American Accounting Association (AAA) to bring the academic community and the accounting profession together to change the way accounting is taught for the benefit of educators, students and the accounting profession, now and in the future.

Open Forum

Mr. Balhoff and Mr. Melancon invited comments and answered questions from members of Council and guests.

Report on Council's Feedback on Strategic Implications for the Profession

Tommye Barie presented a recap of input and recommendations received from Council members on strategic implications for the profession during the previous day's roundtable discussions..

Supporting Individuals and Business in a Global Economy

Charles Tilley, Chief Executive Officer of CIMA, and Mr. Melancon presented views and discussion on how CGMA is defining the profession of management accounting and how businesses are tackling issues of importance on a global economy.

Closing Remarks

There being no further business, Mr. Balhoff thanked the members of Council and AICPA staff, and stated the Fall Meeting of Council is scheduled for October 19-21, 2014 at the Westin Copley Place in Boston, Massachusetts.

The meeting was adjourned at 11:59 AM on Tuesday, May 20, 2014.