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# American Institute of Certified Public Accountants

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## Board of Directors

### Minutes of Meeting: April 23-24, 2015

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## Board of Directors

### Minutes of Meeting: April 23 – 24, 2015

A meeting of the AICPA Board of Directors was held Thursday, April 23 and Friday, April 24 at the AICPA's New York office. The meeting convened at 9:00am on Thursday, April 23, 2015.

#### Attendance

The following Board members were present:

Tommye Barie, Chair  
Tim Christen, Vice Chair  
Grant Ashley  
Nancy Bagranoff  
Bill Balhoff – Immediate Past Chair  
Mark Begich  
Tom Broderick  
Steve Christian  
Kimberly Ellison-Taylor  
Tracey Golden  
Theresa Grafenstine  
Eric Hansen  
DeAnn Hill  
Ed Jordan  
J. Michael Kirkland  
Myriam Madden  
Dorri McWhorter  
Barry Melancon  
David Morgan  
Anne Northup  
Margery Piercey  
Gary Reynolds

Also present:

Sarah Almeida, Director  
Finance

Chris Almonte, Manager  
Communications

Erik Asgeirsson, President  
CPA.com

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

Catey Bullard, Manager  
Governance

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

Joanne Fiore, Vice President  
Professional Media, Pathways & Inclusion

Audrey Foster, Director (via phone)  
Internal Audit, Risk & Compliance

Ron Gitz, Executive Director  
Society of Louisiana Certified Public Accountants

Ellen Goldstein, Director  
Communications & Member Engagements

Kevin Henson, Vice President  
Strategy

Ed Karl, Vice President  
Taxation

Jeannette Koger, Vice President  
Member Specialization & Credentialing

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

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  
Jim O'Hallaron, President & CEO  
Missouri Society of CPAs  
Eddy Parker, Associate Director  
Forensic & Valuation Services  
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 & Competency  
Scott Spiegel, Vice President  
Strategic Partnerships & Corporate Development  
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, including new Board members, J. Michael Kirkland of New York, and Senator Mark Begich, Public Member from Alaska.

Ms. Barie also welcomed Jim O'Hallaron, President & CEO of the Missouri Society of CPAs, and Ron Gitz, Executive Director from the Society of Louisiana Certified Public Accountants.

Ms. Barie continued by giving an update on her activities and travels since the January Board meeting, including the Nominations Committee meeting, NASBA Summit, and the Regional Meetings of Members of Council. Ms. Barie also reported on her trip to Australia and New Zealand where she met with senior management and leadership of CPA Australia and CA Australia/New Zealand.

## **Approval of the Minutes**

After discussion, upon a motion duly made and seconded, the minutes of the January 29, 2015 executive session meeting, and the January 29-30, 2015 regular 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 host of topics including the launch of the new AICPA/CIMA Competency and Learning Website that launched in February 2015, CPA.com, and PCPS International. Mr. Melancon also provided an update on the Center for Plain English Accounting.

Mr. Melancon continued his report by giving an update on numerous Washington developments including the Mobile Workforce Bill, Patent Troll legislation, Whistle Blower legislation, and the impact of marijuana legislation on CPA firms.

The Board also heard from Mr. Melancon on the topic of Diversity in the profession, as well as an update on work being done on advanced placement courses in high schools with the Pathways Commission.

## **CPA Exam Pipeline Preliminary Research Results and Findings**

Chris Bumcrot, independent advisor and one of the founders of Applied Research & Consulting LLC, provided the Board with an overview of the CPA exam pipeline research results

and findings. Mr. Bumcrot covered the methodology behind the research and focused on key data outputs. The presentation identified notable conclusions, such as the power of environment, and implications for AICPA.

## **FY16-18 Strategic Plan Update**

Lawson Carmichael, Senior Vice President—Strategy, People & Innovation, and Kevin Henson, Vice President—Strategy, provided an update on the FY16-18 Strategic Plan, and reported on solicited feedback from the Regional Meetings of Council where plan elements were shared.

Mr. Carmichael and Mr. Henson also presented refreshed Vision and Mission statements. After discussion, upon a motion duly made and seconded, the statements were approved by the Board.

## **Legal Update**

Michael Buddendeck, General Counsel and Secretary, delivered the Secretary's Report (reflecting membership ballot Nos. 957, 958, and 959 for the time period of 1/17/15 to 4/10/15 admitting 3940 members, accepting 570 resignations, 25 reinstatements and 295 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.

## **Fair Value Measurements for Financial Statements**

Anthony Pugliese, Senior Vice President and Chief Operating Officer—Finance, Operations and Member Value, and Jeannette Koger, Vice President—Member Specialization & Credentialing presented on the topic of Fair Value Measurements for Financial Statements. Mr.

Pugliese and Ms. Koger shared feedback solicited from the Regional Meetings of Council in March, discussed key risks, and reviewed business models.

Mr. Pugliese and Ms. Koger concluded their presentation by highlighting next steps, which included proposed resolutions to be presented at Fall Council. After discussion, upon a motion duly made and seconded, the resolutions were approved by the Board, which are attached under **Appendix B** of the meeting minutes.

## CGMA Update

Arleen Thomas, Senior Vice President—Management Accounting & Global Markets, provided an update to the Board on CGMA and plans for calendar year 2015. Ms. Thomas highlighted the CGMA value chain, CGMA exam, and strategy for academic and students.

## 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 the net revenue forecast is higher than the original budget by \$1.2M, which is offset by an increase in expenses.

Mr. Reynolds reported on a review of FY15 cash flow projections to the Board. 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 405,000 members by July 31. Mr. Reynolds stated that the AICPA has renewed 94.26% of membership, compared to 93.81% this same time last year. In addition, he reported that more than 18,000 new members have joined the AICPA in the current fiscal year, compared to 14,000 at this same time last year. Mr. Reynolds also shared that the sections and credentials memberships are experiencing positive results, as well as the CGMA designation.

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 benchmarks, and the portfolio had year-to-date gains of approximately \$5.5M.

Mr. Reynolds concluded his presentation with a review of the FY16 budget. After discussion, upon a motion duly made and seconded, the Board approved the recommendation for Council approval of the FY16 budget.

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

## **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, and the AICPA Roadmap initiative. In addition, Ms. Golden reported the Committee had received an overview of COSO Framework Compliance.

## **AICPA/NASBA CPE Standard Changes**

Clar Rosso, Vice President—Member Learning & Competency, provided the Board with a presentation on AICPA and NASBA CPE Standards Changes. Ms. Rosso covered a number of topics, including the published AICPA and NASBA joint statement on standards for CPE programs, the UAA Model Rule Task Force, and an update on AICPA CPE Requirements.



Ms. Rosso concluded her presentation by offering a resolution of the proposed revised standards for CPE Programs. After discussion, upon a motion duly made and seconded, the resolution was approved by the Board, which is attached under **Appendix D** of the meeting minutes.

## **Spring Council 2015 Agenda Review**

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

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There being no further business, the meeting adjourned at 12:00p.m. on Friday, April 24, 2015.