

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

FALL MEETING OF COUNCIL/ANNUAL MEMBERS' MEETING

OCTOBER 23-25, 2016

Orlando, FL

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, October 23, 2016, at The Ritz-Carlton Grande Lakes in Orlando, FL.

Tim Christen, 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.

SUNDAY, OCTOBER 23, 2016

Welcome and Opening Remarks by the Chairman of the Board

Tim Christen, Chair of the Board, welcomed everyone to the AICPA's 2016 Fall Meeting of Council and gave brief comments on the progress in launching the Association of International Certified Professional Accountants and introduced Andrew Miskin, President of the Chartered Institute of Management Accountants. After a brief Q&A session with Mr. Miskin, Mr. Christen declared a quorum to be present, outlined the agenda for the meeting, and moved to the first agenda item.

Approval of the Minutes from the 2016 Spring Meeting of Council

Upon a motion duly made and seconded, the minutes of the May 15-17, 2016 meeting of Council were unanimously approved.

Presentation of the Gold Medal Award

Mr. Christen explained the Gold Medal for Distinguished Service is the highest honor bestowed by the AICPA to a member. He 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, Ernie Almonte. Mr. Almonte accepted the award and thanked the military for their service and sacrifice, his family, friends and colleagues who helped him through his career.

Meeting the Evolving Consumer Need for High Quality Integrated Services

Dick Fohn, Managing Partner, Consulting with Moss Adams, defined integrated services and explained the role of the CPA in delivering integrated services. Mr. Fohn discussed trends which are shaping the future of integrated services to individuals and how those may impact the CPA profession.

Mr. Fohn explained that by working together and collaborating with other CPAs and professionals, accountants are developing skills that better the profession and will create a more effective work environment.

Update from the Private Company Council

Candace Wright, Chairman of the Private Company Council (PCC), gave an update on the current activities of PCC and its work with the Financial Accounting Foundation and the Financial Accounting Standards Board, the PCC's three-year review, along with an update on its outreach and communication with stakeholders.

Guest Speaker – Ambassador Nicholas Burns

Ambassador Nicholas Burns discussed the future of American foreign policy overseas at a time of war and peace. Mr. Burns specifically spoke to how global events over the next five or ten years may affect business conditions and the global economy.

Enhancing Audit Quality

Sue Coffey, Executive Vice President – Public Practice, offered an update on some of the top accomplishments from the Enhancing Audit Quality initiative, the improvements seen since the initiative was established, and a brief update on future endeavors.

Ms. Coffey thanked Council members for the support and encouragement surrounding Enhancing Audit Quality and for their commitment to the core of the profession.

The Sunday session of the 2016 Fall Meeting of Council concluded at 5:39PM.

MONDAY, OCTOBER 24, 2016

Welcome by the Chairman of the Board

Mr. Christen opened the meeting and 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, presented a short video highlighting Tim Christen's year as AICPA Chairman of the Board.

Mr. Melancon reported on member satisfaction, noting an 11% growth in membership in the last five years, and he noted the important work being done in opening the CGMA market in the U.S., and the partnership with state CPA societies to make this happen.

Mr. Melancon reported on the increasing demand and changes in technology and how business models are changing to adapt, along with the influence that blockchain technology may have on how the audit is performed. He noted technology as a key driver of transformation, and the importance of continued focus on the core of the accounting profession.

Mr. Melancon discussed cybersecurity and highlighted new attestation services being developed and exposed in this rapidly changing environment where risk management must be addressed in a meaningful way.

Mr. Melancon reported on the continued efforts of increasing the CPA pipeline via student initiatives, Diversity & Inclusion programs, the work of educators, partnerships with NASBA and other organizations, and firm outreach. Additionally, Mr. Melancon noted the growth in the number of candidates taking the CPA exam.

Mr. Melancon noted the robust environment for firms, and acknowledged the continued need for firms to focus on succession planning. He emphasized that creating a strong, positive firm culture is important to attract and retain the next set of leaders for the profession, and he encouraged the profession to consider how to change learning and development to meet the needs of future generations.

Mr. Melancon concluded his remarks by acknowledging that change is constant, and it is important for the profession to make the bold moves necessary to maintain relevance in the future.

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

Donald Burkett, Chairman of the National Association of State Boards of Accountancy (NASBA), discussed the importance of the work being done by NASBA. Mr. Burkett provided an update on NASBA's accomplishments and the three areas which he focused on as NASBA's chair: building trust, forward thinking, and enhancing the tools available to state boards of accountancy.

Washington, DC and Advocacy Update

Mark Peterson, Executive Vice President – Advocacy, offered an update on the 2016 election, the Congressional agenda, as well as regulatory and legislative issues on the forefront. Mr. Peterson also called attention to the accountants and CPAs in the Senate, the House of Representatives, and those running for election, and the value that CPA legislators bring to the public policy arena on both the federal and state levels.

Supporting Business Here and Abroad Panel

Aleen Thomas, Managing Director of the Americas and CGMA Global Offerings, along with a panel of finance and risk professionals, provided insight into how companies can mitigate risk and turn it into opportunity. The panel, consisting of Bonnie Hancock, Christie Clements, Richard Dinkel, and Doug Roosa, noted what risks they face and how these risks create opportunities and thus, strengthen their contribution to their employers. Shane Balzan, Senior Director - Syllabus Development, Management Accounting, also joined Ms. Thomas to share insights on incorporating risk into the CGMA syllabus.

Update from the International Federation of Accountants (IFAC)

Olivia Kirtley, outgoing President of the International Federation of Accountants (IFAC), gave an update on the recent activities of IFAC, global standard setting, IFAC efforts in developing the profession, and advocacy efforts.

The Future of CPA Services for Cyber Risk Management

Chris Halterman, Chair of the Assurance Services Executive Committee's Cybersecurity Working Group, and Amy Pawlicki, Director Assurance & Advisory Innovation, discussed the increasing awareness of cybersecurity exposure for businesses and the role of the CPA profession plays in helping businesses address the cybersecurity issue. Mr. Halterman and Ms. Pawlicki discussed the AICPA's effort to develop criteria and guidance for reporting on cybersecurity risk management, noting that CPAs across all disciplines can provide tremendous value in addressing cybersecurity.

Report on Finance and Operations

Eric Hansen, Chairman of the Finance Committee, and Tim LaSpaluto, Vice President of Finance, reported on finance and operations, including highlights of key financial activities during the 2016 fiscal year surrounding membership, the performance of AICPA investments and pension plan, and key operational activities that took place during the year. Mr. Hansen reviewed the audited financial statements for fiscal year 2016 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.

Guest Speaker – Ashley Crowder

Guest speaker Ashley Crowder, co-founder of VNTANA, discussed augmented reality and virtual reality and the ways in which they can be incorporated into everyday life. Ms. Crowder spoke to the possibilities of improving business relationships and efficiencies while enhancing day-to-day experiences.

Breakout Sessions

Mr. Christen invited Council members to participate in breakout sessions for the remainder of the business day.

The Monday session of the 2016 Fall Meeting of Council concluded at 5:15PM ending the Annual Members Meeting.

TUESDAY, OCTOBER 25, 2016

Closing Comments by the Chairman of the Board

Mr. Christen opened the session with some personal remarks about his year as Chairman and reviewed the agenda for the day.

Association Governance and Next Steps

Mr. Melancon provided an overview of the creation of the Association of International Certified Professional Accountants (Association) which was approved by both AICPA and CIMA membership bodies. Additionally, Mr. Melancon spoke about the new Association governance structure and transition, the responsibilities of both AICPA and CIMA Councils, and the alignment of the AICPA and CIMA governance calendars.

Mr. Melancon reviewed the proposed resolutions for Council's consideration as outlined below:

Resolution to enable transitional governance as recommended by the AICPA Board of Directors

WHEREAS, For transition purposes related to implementation of the new Association Proposal that was approved by the members on June 16, 2016, it is necessary to make transition adjustments with regard

to terms of office of members of the Board, Council and other volunteer groups to align governance years beginning in June 2019; now

BE IT RESOLVED, That the Chair and Vice Chair of the Board shall be elected for a term beginning on October 25, 2016 and ending on January 31, 2018; and

BE IT FURTHER RESOLVED, That the terms of those Board members whose terms were set to expire in October 2017 shall be extended to January 31, 2018 on either the Public Accounting Practice Unit Board or the Management Accounting Practice Unit Board; and

BE IT FURTHER RESOLVED, That the Chair and Vice Chair of the Board who are elected to serve beginning on February 1, 2018 shall serve until the May 2019 election meeting of Council. Further, the terms of the Board members whose terms were originally set to expire in October 2018 will be extended until the May 2019 election meeting of Council on either the Public Accounting Practice Unit Board or the Management Accounting Practice Unit Board; and

BE IT FURTHER RESOLVED, That the term of any At-Large member of Council whose term was set to expire in October 2017 shall be extended to January 31, 2018 and the term of any At-Large member of Council whose term was set to expire in October 2018 shall be extended until the May 2019 election meeting of Council; and

BE IT FURTHER RESOLVED, That beginning in 2019, the terms of the Chair, the Vice Chair and the At-Large members of Council shall begin at the May 2019 election meeting of Council; and

BE IT FURTHER RESOLVED, That beginning in 2019, the official terms for Designated and Elected members of Council shall also begin at the May 2019 election meeting of Council and during the transition period, from January 1, 2017 until the May 2019 election meeting of Council, state societies shall have flexibility and may determine their own transition process; and

BE IT FURTHER RESOLVED, the terms of members of any AICPA volunteer group, other than the Board of Directors and AICPA Council, will transition during the period of October 2016 - May 2019, from a term beginning in October to a term beginning in May.

Resolutions to adopt a calendar year as the Institute's fiscal year as recommended by the AICPA Board

Council Resolution

BE IT RESOLVED, That the implementing resolution under bylaw section 4.6 is hereby amended as set out below:

[Note: Text to be added is underlined. Text to be deleted is stricken.]

Implementing Resolution Under Section 4.6

Resolved:

That the fiscal year of the Institute shall be the twelve months beginning ~~August 1~~ January 1 and ending ~~July 31~~ December 31.

Upon a motion duly made and seconded, the members of Council approved the proposed resolutions.

Report on Breakout Sessions

Eric Hansen, Vice Chairman Nominee, reported on the breakout sessions held the previous afternoon. He stated that AICPA leadership and staff will use Council's valuable feedback and thanked Council members for their thoughtful approach to the discussion questions.

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 five-month stub period 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 five-month stub-period ending December 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 stub-period ending December 31, 2016.

Open Forum

The Chair invited Mr. Melancon to the stage to answer questions and comments from members of Council and guests that arose from his professional issues update.

Report of the AICPA Nominations Committee

Tommye Barie, Chair of the Nominations Committee and former Chair of the Board, presented the report of the 2015-16 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 2016.

Ms. Barie put forth the slate of members nominated as Council members-at-large for three-year terms ending in 2019. Upon a motion duly made and seconded, Council unanimously approved the election of the nominees for Council members-at-large.

Ms. Barie put forth the slate of nominees for directly elected members of Council. Notice of these nominations was also placed on the AICPA website in April 2016. Upon a motion duly made and seconded, Council unanimously approved the election of the nominees to be directly-elected Council members.

Ms. Barie put forth the slate of nominees for the Joint Trial Board to fill five vacancies, as well as reappointment of eight 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.

Ms. Barie 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.

Ms. Barie put forth the slate of nominees to serve on the AICPA Nominations Committee for the year 2016-2017. Upon a motion duly made and seconded, Council unanimously approved the election of the Nominations Committee members.

Ms. Barie put forth the nominations for membership on the AICPA Board of Directors, for a three-year term, as follows: Anita Baker of Arizona, Senator Mark Begich of Alaska (Public Member), Melody Feniks of Alaska, Dan Griffiths of Utah, Myriam Madden of Scotland (Immediate Past Chair of CIMA), Mandy Nelson of the District of Columbia, Jeff Porter of West Virginia and Ron Yates of Montana. Upon a motion duly made and seconded, Council unanimously approved the election of these nominees.

Ms. Barie put forth the nomination of Eric Hansen for the position of Vice Chairman of the Board for 2016-2017. Upon a motion duly made and seconded, Council unanimously approved his election.

Ms. Barie then put forth the nomination of Kimberly Ellison-Taylor as AICPA Chairman of the Board of Directors for 2016-2017. Upon a motion duly made and seconded, Council unanimously approved her election.

The Nominations Committee report is at Appendix C in the official minute records of the AICPA.

Closing Comments by the Chairman of the Board

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

The meeting was adjourned at 11:30 a.m. on Tuesday, October 25, 2016.