



# NCACPA Board of Directors Meeting Minutes

March 23, 2017

NCACPA Education Center, Morrisville, NC

Donna Taylor, CPA, Chair, presiding

## *Members Participating*

Donna Taylor  
Art Winstead  
Bill Ezzell  
Sarah Bruce  
Dan Purvine

Rollin Groseclose  
Lanier Cansler  
Shawana Karkouki  
Kelli Knoble

Dianne Uzzell  
Ronnie Eubanks  
Eddie Sams  
Scott Showalter

## *Staff Participating*

Sharon Bryson, Mark Sotichack, Nikki Vann, Amelia Hodges, Jennifer Rowell, Lorrie Leonhardt, Jackie Asekhauno, Laura Williford, and Alexis Verbic.

## *Guests*

NC State Board of CPA Examiners board members Mike Womble, Hunter Cook, Cindy Brown, Sammy Williams, and Justin Burgess; NCSBCE staff Bob Brooks, Executive Director, David Nance, Deputy Director; Noel Allen, Legal Counsel, and Frank Trainor, Staff Attorney; NCACPA Legislative Counsel, Dave Horne, Esq., Smith Anderson; Jason Poole, TRP CPAs, PLLC, President NC CPA Foundation, Inc.; 2017-18 NCACPA Incoming Directors: Nicole Benford, Malcomb Coley, Whitney Gann, and Mike Gillis.

## **Administrative Matters**

### *Call to Order*

Donna Taylor called the meeting to order and welcomed board members of the NCACPA (Board), staff and board members of the NC State Board of CPA Examiners (NCSBCE), the NCACPA Management Team and other invited guests. The CPAs in attendance stood and recited the "Oath of a NC CPA."

## **CPA Boards & Breakfast**

Donna Taylor thanked the members of the NCSBCE for joining the board meeting. In a combined collaboration, several topics were identified and prepared for discussion.

## **Peer Review Exposure Draft**

Art Winstead was called on to give an overview on the current status of proposed Peer Review administration criteria. Much of the original draft has been dropped, but there are two critical criteria remaining. There must be one CPA on staff, and Technical Reviewers must be in attendance at RAB meetings. Art felt NCACPA should be able to comply with these proposed requirements. Members of the NCACPA Peer Review Committee will submit a response to the proposal, and the NCSBCE will do

the same. Comments are due June 30, 2017. Other discussion points from the attendees centered on (i) concern over staffing/allocation of resources, (ii) potential fee impact to CPAs – and thus their clients, and (iii) the need for the program to be financially sustainable and not a “member service.”

### **Sole Practitioner Succession Planning**

NCSBCE board member Sammy Williams discussed concerns of the lack of a solid succession plan for numerous sole practitioners. Most small firms/sole practitioners do not have a plan in place, and others find it difficult to attract a successor. There was discussion on the many reasons why it may be hard to find someone to step in and acquire a sole practitioner firm: location, type of clients, and size of firm to name a few. The NCSBCE deals with a sole practitioner passing away and leaving no one to step in and manage the firm on a regular basis, which has led to the consideration of requiring a plan continuation agreement (PCA) to be completed and either submitted to the NCSBCE or another CPA, similar to the statutes in South Carolina. NCACPA can help with this issues by facilitating the discussion amongst members, increasing awareness to sole practitioners and providing resources that can be leveraged by practitioners in this position.

### **Model Rules for CPE**

Rollin Groseclose discussed the recent CPE Model Rules exposure draft (ED) issued by NASBA. The primary focus of the ED related to (i) classification and limitations imposed on technical versus non-technical CPE obtained in a reporting period, and (ii) the required steps to be taken to reinstate a license based on certain scenarios. While there was limited conversation from the NCSBCE on these matters, Mike Womble stated there is a need to stay current on technical matters for the client's sake. Separately, Hunter Cook noted there are numerous instances where NASBA's rules/standards and the rules promulgated by the NCSBCE are not aligned. Lastly, Hunter noted that in situations where a licensed has lapsed or requires reinstatement for any reason, the focus has always been on simply obtaining the necessary hours, not specifically a program of learning. Responses to this draft are to be made by June 30, 2017 and it was noted NCACPA's Professional Development Advisory Council will be submitting a response.

### **Background checks**

David Nance, NCSBCE, stated they now have software to do background checks, at no cost to the applicant or the NCSBCE, if they do decide to perform these checks. The issue has surfaced as more and more candidates applying for the exam are omitting offenses that should be disclosed pursuant to the law and the requirements set forth in the application process. There was discussion between members of both boards considering the possibility of adding language/examples and working with professors at colleges/universities to bring this matter up so applicants understand what should be reported.

## **Strategic Discussions**

### **Board Governance & Effectiveness Update – Scott Showalter, Task Force Chair**

#### *Strategy Discussion*

Donna Taylor introduced Scott Showalter, Board Governance & Effectiveness Task Force Chair, for his presentation. With the information and discussions from the January 2017 board meeting, Scott provided the Board with an update. The Task Force found a need to refocus on the Association's current strategies, and thus proposed four new quadrants to concentrate on:

- Advocacy & Awareness
- Professional Development
- Member Engagement
- Governance & Operational Effectiveness

Discussion was opened up to the board, and the consensus was total agreement with the proposed strategies. The Task Force will spend time prior to the May 2017 Leadership Summit gathering information to help facilitate discussions at this event. The goal is to have sufficient information and recommendations to follow-up with the board at the June 2017 meeting.

### *Bylaw Revisions*

Sharon Bryson, CEO, highlighted the proposed changes to the NCACPA Bylaws, all of which were recommended by the Task Force in their respective reports and were included in the board meeting materials. A discussion concerning whether or not NCACPA Board of Director officers are required to be CPAs ensued, and it was agreed officers of the Board should be CPAs. Donna made a motion to approve the bylaw changes submitted. Art Winstead, seconded, and the motion was unanimously approved by the board. The revised bylaws are to be posted on NCACPA's website after the conclusion of the meeting.

### *NCACPA Board of Directors Evaluation Form*

A draft of the NCACPA Annual Board Evaluation Form was submitted to the board for review and resulted in no comments or questions on the form itself. Scott Showalter did clarify the survey results are intended to be part of the NCACPA New Board Orientation, in order to supply information on what the board will be surveyed on annually. Bill Ezzell suggested a document be created to list what skills the current board members hold.

**Action Item:** For the June 2017 board meeting, NCACPA staff will create a bio/write-up on each board member with a couple of bullet points where skill sets/expertise are identified. Additionally, the results of the survey will be provided for the new board member orientation and June board meeting.

### *Decision-Making Matrix*

After discussion at the January 2017 board meeting, areas of the NCACPA Decision-Making Matrix were revised. Scott Showalter reminded the board members this will be a living document, and a valuable resource to current and incoming board members.

## **Strategic Initiatives of the Profession and the Association**

### **Pipeline Diversity, Accounting Education & the Profession**

#### *Health and Wellness of NC Accounting Education Programs*

Eddie Sams and Bill Ezzell presented an update on what has occurred since the January board meeting. The update, as well as questions and/or observations from the group discussion, included:

- The Executive Summary has been updated for eight MAcc programs and it has been shared with seven of the eight participants with a great response from the schools thus far.
- There are concerns for all eight programs, which if not corrected may lead to some programs failing, which hurts the CPA pipeline, diversity, etc.
- The fact that the colleges/universities not collaborating on these issues.

- The colleges/universities are not (or are unable to) lobby on their own behalf, which may be an opportunity for NCACPA.
- It was expressed that the economic impact of CPAs in North Carolina would be extremely valuable information to illustrate the problem.
- This may be an opportunity to work with HBCUs to help them become feeder schools into MAcc programs within North Carolina.

### *Advocacy & Representation – Sharon Bryson, CEO & Dave Horne, Legislative Counsel*

Dave Horne gave an overview of an amicus brief filed by NCACPA in support of the Gould Killian CPA Group regarding the issue of statute of repose in the case of *Head v Gould Killian*. NCACPA felt it was reasonable to submit an amicus brief as the matter could potentially impact all firms/practitioners in the State.

Separately, Sharon Bryson and Dave Horne discussed a couple of updates related to the General Assembly, specifically a meeting with Representative Jason Saine (that included NCACPA member John Broadfoot) concerning the fact that North Carolina is one of only a handful of states that does not align the state tax return extension with the federal tax extension filing date and form. During this same meeting, the current disallowance of debt on real property in the calculation of franchise tax was pointed out to Rep. Saine.

Lastly, Sharon noted as relates to SB 304, she will be meeting with Senator Jeff Tarte - along with NCACPA members Kristen Hoyle and Jason Poole - to discuss the nature of the bill and the changes numerous CPAs have stated need to be made to the proposed legislation.

## **Administrative Matters**

### **Consent Agenda**

Donna Taylor inquired if the board had any questions or comments concerning the minutes of the January 19-20, 2017 Board of Directors meeting. There being none, a motion was made by Rollin Groseclose, seconded by Bill Ezzell, and unanimously approved by the board.

### **Executive Committee Update**

Donna Taylor referred to the draft minutes of the February 28, 2017 Executive Committee meeting included in the Board of Directors materials. Donna noted highlights of the meeting included:

- A discussion with Sharon Bryson, CEO, on her views and on her performance in the current year.
- An AICPA Council seat is opening up and the Executive Committee will vote on Shawana Karkouki filling this position during their March 27, 2017 conference call.
- The Executive Committee unanimously approved the 2017-2018 budget.

### **AICPA Regional Council Meeting Update**

Donna discussed the March 21, 2017 AICPA Regional Council meeting held in New York. The theme of the meeting was *Transformation* and included discussion on topics such as firms focusing/relying more on advisory services, data analytics, cybersecurity, and the need for the profession to focus on progression...and refrain from protectionism.

## Foundation Board Report

Jason Poole presented a report on the NC CPA Foundation, which included the current strategic planning process being undertaken with a specific focus on greater alignment with NCACPA's Board. The process involves three distinct subcommittees on (i) governance, (ii) programs and awareness, and (iii) fundraising. Lastly, Jason noted given the significant shift in the Foundation's focus, as well as the enhanced skills, expertise, etc. needed moving forward that there is a need for new board members and possible changeover of current board members. After the April 24, 2017 Foundation board meeting, the Joint Task Force will reconvene in May and a plan will be presented to the NCACPA board at the June 2017 meeting.

## Financial Matters

### *Treasurer's Discussion*

Treasurer, Dianne Uzzell, reported on the February 2017 financials, as commented on the Association's change in auditor to CohnReznick for the upcoming year. Dianne then presented the 2017-2018 Fiscal Year Budget, noting a membership dues increase of \$10 per category, CPE programs increasing by \$5 for all programs, except for "Clusters," which are increasing by \$10. Dianne moved to approve the FY 2017-2018 budget as presented, Dan Purvine seconded, and the motion was unanimously approved by the board.

## Leadership Matters

Chair-Elect, Rollin Groseclose discussed the leadership of the upcoming year, and referenced two documents supplied in the board meeting materials:

- 2017-18 NCACPA Board Standing Committees, which includes the composition of the Executive, Nominating, Audit and Investment Committees.
- 2017-18 NCACPA Leadership, which identifies all other committees of NCACPA, including Liaison Director assignments.

## Other Business

Donna Taylor acknowledged the service of each member of the board with terms expiring April 30, 2017. Each member was called forward individually, commenting briefly about their respective terms, and presented with a plaque commemorating their board service. The following officers and directors were recognized: Dan Purvine, Immediate Past Chair; Art Winstead, Director; Lanier Cansler, Director; and Bill Ezzell, Director. Several board members were absent from the meeting whose term is expiring: Susan Barrett, Director; Michael Massey, Director; and Deetra Watson, Director.

## Adjournment

There being no further business to conduct, the meeting was adjourned. The next meeting of the Board of Directors is scheduled on June 21, 2017, at the Grandover Resort in Greensboro.

Respectfully submitted,  
Sharon H. Bryson, M.Ed., CEO  
Secretary to the Board