



NCACPA Board of Directors Meeting Minutes

June 21, 2017

Grandover Resort, Greensboro, NC

Rollin Groseclose, CPA, Chair, presiding

Members Participating

Rollin Groseclose
Donna Taylor
Whitney Gann
Nicole Benford
Mike Gillis

Bill Ezzell
Eddie Sams
Jonathan Kraftchick
Malcomb Coley
Kristen Hoyle

Dianne Uzzell
George Beckwith
Amin Ainolhayat
Shawana Karkouki

Staff Participating

Sharon Bryson, Mark Soticheck, Nikki Vann, Amelia Hodges, Jennifer Rowell, Lorrie Leonhardt, Amanda Davis, Holly Bazemore, Moira Gill, and Alexis Verbic.

Guests

NC State Board of CPA Examiners staff Bob Brooks, Executive Director, David Nance, Deputy Director; Henry White, CPA, Stancil & Company, Chair of Peer Review Committee; and Dave Horne, Esq., Smith Anderson, NCACPA Legislative Counsel.

Administrative Matters

Call to Order

Rollin Groseclose called the meeting to order and welcomed board members of the NCACPA (Board), staff 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."

Strategic Discussions

Association Governance

Agenda Structure

Rollin acknowledged the board agenda aligns with the strategic quadrants of the NCACPA (and the related strategic initiatives) for the purpose of directing the board's focus on strategic matters.

March 2017 Board Survey Results and Strategy Discussion

Rollin reviewed the results of the NCACPA Board Survey from the March 2017 meeting with a focus on the following:

- The goal is 100% board participation and the 80% response rate is not appropriate for the leaders of the Association.
- The sentiment is the Board is moving in the right direction in its evolution of becoming more strategic.
- Definite willingness/interest of board members to be engaged OUTSIDE of meetings and that opportunities for this engagement will be identified going forward.
- There is a need for greater board member involvement on Connect, especially in response to member issues if/when applicable.
- The desire to incorporate engagement with local area members, firm leaders and/or business leaders into board meetings across the State.

Lastly, there was discussion that referenced the passions identified by each board member and that the Executive Committee will continue to be purposeful in identifying meaningful points of expanded engagement in those areas.

Increased Advocacy & Awareness

AICPA Spring Council Meeting and Capitol Hill Visits

Rollin Groseclose and Bill Ezzell provided an overview of the AICPA Spring Council and Capitol Hill Visits. While much of the Council meeting was dedicated to preparing members for "Hill Visits," other key topics included the:

- i. impact of data and technology on the profession,
- ii. ongoing efforts around enhancing audit quality (including the evolution of peer review administration), and
- iii. opportunities for the profession around the new cybersecurity risk management framework.

It was noted there will be a heightened future focus of North Carolina's Council members to identify relevant information and operationalize it for our membership.

The Capitol Hill Visits were considered to be a huge success as Sharon Bryson, Mark Sotichack, Rollin Groseclose, Donna Taylor, Dianne Uzzell, Dan Purvine, Cindy Brown and Bo Biggs met with several U.S. Congressmen. With the help of member Bo Biggs, CPA, who was instrumental in making the necessary connections on the Hill, the group met Senators Burr and Tillis, as well as Representatives Pittenger, Hudson and Rouzer.

The primary legislative topics of conversations included Tax Reform, IRS Taxpayer Services Improvement, and the Mobile Workforce bill. For NCACPA, the latter topic was one of the key points of discussion in all meetings, and we received notice before the board meeting that the Mobile Workforce bill was approved by the House of Representatives, and is on its way to the Senate.

Evolution of Peer Review Administration – Exposure Draft Response

Henry White, CPA, with Stancil & Company, and Chair of the Peer Review Committee, presented the NCACPA response letter to the AICPA's most recent *Proposed Evolution of Peer Review Administration* discussion paper. There were two material matters discussed related to this response letter:

- 1) Of particular importance and concern is that NCACPA's existing model differs from the AICPA's prescribed structure. It was noted that the final response letter requested that the AICPA implement an exception process whereby an administering entity could receive approval of their structure, which may differ in form, but not in substance from the AICPA's proposed model.
- 2) After clarification about the requirement for a CPA to oversee the peer review program, a suggested edit was recommended, that in the AICPA's proposed structure, the CPA overseeing the peer review program would possess the ultimate responsibility to resolve disputes between technical reviewers and peer reviewers/reviewed firms.

A motion to approve the response letter subject to including the aforementioned recommendation was made by Nicole Benford, seconded by Bill Ezzell, and unanimously approved by the Board.

Health & Wellness of NC Accounting Education Programs – Next Steps

Eddie Sams shared that meetings have taken place with all eight MAcc programs within the UNC system.

- Each program was provided an executive summary and composite report where names and/or identifying statements were removed to preserve confidentiality.
- A common request from these programs for further assistance from NCACPA included financial support for summer sessions.
- The executive summary will be updated with demographic information and shared with the Board, as well as the AICPA's National Commission on Diversity & Inclusion.

NC CPA Foundation Task Force

Bill Ezzell provided the Board an update on the first meeting of the NC CPA Foundation Task Force, which consists of Bill Ezzell, Whitney Gann, Austin Wachter, Ben Hamrick, Stan Hill, Sharon Bryson, and Mark Sotichack. The update addressed key matters such as:

- The development of a continuum from high school to licensed CPA to identify opportunities where the Foundation's mission and student's position intertwine, which resulted in the concept of a potential multi-year scholarship.
- The consideration of short-term goals, long-term possibilities (assisting PhDs or accounting programs, as well as an endowment) and the significance that NCACPA's Centennial could play in the Foundation's efforts.
- The goal is to expose a proposed plan to the NCACPA Board of Directors, as members of the Foundation, by the October board meeting.

CGMA Partnership/Plan

Sharon Bryson and Mark Sotichack updated the Board that:

- The AICPA has still not issued a partnership agreement with state societies, which was promised by March 31, 2017, and that while an alternative solution was mentioned in March, there are still no details about it.
- Mark is working with Whitney Gann to finalize a survey for decision makers in industry that will assist NCACPA in testing the assumptions purported by the AICPA in its financial modeling.
- We expect that more information will be made available by the October board meeting.

Enhanced Member Engagement

Membership Analysis

Jennifer Rowell, NCACPA Director of Member Engagement, provided an update on the NCACPA Membership and Professional Development Pricing Project:

- McKinley Advisors, third party consultant, will be performing in-person and telephonic interviews to expose possible recommendations driven from the survey results and data analysis in June/July.
- Recommendations to NCACPA staff will be provided in July/August.
- Presentation to the Board at the October meeting of findings, recommendations, etc. in order to facilitate implementation in time for FY 2019 member join/renewal.

Governance & Operational Effectiveness

Report on Data Analytics Practicum with NC State University

Nikki Vann, CPA, Director of Finance & Administration, provided an overview of the data analytics practicum project with North Carolina State University's Data Analytics Honors Program. Proposed to NCACPA by board member Scott Showalter, the practicum's purpose was to create a model that "scores" member engagement based on desired activities/behaviors. NCACPA staff viewed the practicum as highly valuable and successful in achieving its stated goal. NCACPA staff, in conjunction with the Member Engagement Team, will review the report and work to implement the recommendations.

FY 2018 Goal Tracking Dashboard through Tableau

Nikki Vann reviewed NCACPA staff goals for the current fiscal year, which align with each of the strategic areas of focus. The presentation highlighted the continued use of data and NCACPA's data reporting tools.

NCACPA Advocacy Report Card

Rollin introduced the newly created Advocacy Report, which is the first attempt ever by NCACPA to track advocacy and awareness related activities including current year Capitol Hill Visits, *Connect* discussions related to legislative matters, all CEO firm visits and legislative meetings, and social media activity. In addition, the report clearly illustrates low board member participation in both the NC CPA PAC and the NC CPA Foundation to date this fiscal year. Rollin reminded the Board members about their commitment to support these, and encouraged those that had not yet contributed to do so ahead of the October Board meeting. The purpose of the "report card" is to illustrate at a glance where we are, what happened since the last report was issued and provide information to aid in future benchmarking.

Association Governance

The board members were divided into strategic groups to (i) identify any additional, and prioritize current, strategic tactics, (ii) discuss the longevity of these tactics and (iii) determine what success looks like for each respective tactic. NCACPA staff members, Holly Bazemore, Academic & Young Professional Strategist, and Moira Gill, Communications Strategist, joined the board meeting to participate in group discussion.

After the session was complete, each group reported a summary of their discussion with preliminary priorities. Each strategic group was asked to hold at least one conference call to continue the discussion ahead of the October board meeting.

The preliminary priorities included:

Increased Advocacy & Awareness

- Increasing financial contributions to the PAC

- Relevant and timely communication of advocacy matters

- Re-focus on diversity and inclusion
- Firm succession planning

Enhanced Member Engagement

- Focusing on firm engagement/invoicing
- Focus on member retention at 3-year mark

Highly Valued Professional Development

- Align and involve all stakeholders

- Identify the target audience by defined personas

Governance & Operational Effectiveness

- Exploring alternative revenue streams
- Continued focus on association governance
- Communicate with members how they want to be communicated with

Increased Advocacy & Awareness

Legislative Activities

Sharon Bryson and Dave Horne, Esq., Legislative Counsel, discussed the latest NCACPA legislative activities. Sharon identified all of the members and firms who have stepped up to help with recent and rapidly changing legislative matters. She noted this "team effort" has produced success on the legislative forefront. Dave discussed key legislative matters, as well as those matters NCACPA has been involved with.

- The Senate passed the budget conference report, which will now move to the House.
- NCACPA advocated for legislation requiring the NC DOR accept the federal income tax extension form, thereby eliminating a separate North Carolina specific form, effective for the 2018 tax year.
- Senate Bill 114: Annual Report Modernization – NCACPA efforts resulted in eight proposed changes to the bill, of which all eight were accommodated.
- Senate Bill 304: Required Financial Audits – NCACPA board member Kristen Hoyle and former board member Jason Poole, along with NC Representative Jason Saine, proposed recommendations for this bill. As of right now, this bill has stalled.
- Senate Bill 628: Changes to Revenue Laws – SB628 includes the proposal to align federal and state income tax extension forms.

Sharon then announced recent NCACPA board member, Art Winstead, CPA, received a call from the Governor's office appointing him to a three year term on the NC State Board of CPA Examiners.

Other Board Responsibilities

Administrative Matters

Consent Agenda

Rollin inquired if the board had any questions or comments concerning the minutes of the March 23, 2017 Board of Directors meeting. There being none, a motion was made by Donna Taylor, seconded by Dianne Uzzell, and unanimously approved by the board.

Executive Committee Update

Rollin referenced the draft minutes from the May 31, 2017 meeting included in the board materials, and noted a significant amount of time in that meeting focused on planning for the June board gathering.

Treasurer's Discussion

NCACPA Treasurer, Dianne Uzzell, CPA, reported on the unaudited financial statements as of and for the year ended April 30, 2017, which was significantly improved from projections provided in the fall of 2016.

Board of Directors Meeting

June 21, 2017

Page 6 of 6

Both Dianne and Mark Sotichack attributed the positive change to conscious cost-savings, as well as the use of data to identify revenue opportunities with additional CPE classes that were previously unscheduled. Separately, Dianne added there is nothing to report from the Investment Committee at this time, and noted the NCACPA annual audit is currently in full swing.

Adjournment

There being no further business to conduct, the meeting was adjourned. The next meeting of the Board of Directors is scheduled on October 5 & 6, 2017 at the Grand Bohemian Hotel, Asheville.

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