



NCACPA Board of Directors Meeting Minutes

March 22, 2018

NCACPA Education Center, Morrisville, NC
Rollin Groseclose, CPA, Chair, presiding

Members Participating

Rollin Groseclose	Bill Ezzell	Dianne Uzzell
Zach Donahue	Eddie Sams	George Beckwith
Jonathan Kraftchick	Scott Showalter	Ronnie Eubanks
Nicole Benford	Malcomb Coley	Shawana Karkouki
Mike Gillis	Kristen Hoyle	Kelli Knoble
Whitney Gann (via conference call)	Donna Taylor	Amin Ainolhayat

Staff Participating

Sharon Bryson, Mark Sotichack, Nikki Vann, Amelia Hodges, Lorrie Leonhardt, Jackie Asekhauno, Moira Gill, and Alexis Verbic.

Guests

NC State Board of CPA Examiners (NCSBCE) board members Mike Womble, Hunter Cook, Cindy Brown, Sammy Williams, Art Winstead, and Justin Burgess; NCSBCE staff Bob Brooks, Executive Director; David Nance, Deputy Director; Noel Allen, Legal Counsel; Frank Trainor, Staff Attorney; and NCACPA Legislative Counsel/Lobbyist Dave Horne, JD, Smith Anderson.

Administrative Matters

Call to Order

Rollin Groseclose 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

Rollin Groseclose again thanked members of the NCSBCE for joining the board meeting. In collaboration, several topics (as noted below) were previously identified and prepared for discussion.

Current CPE Rules – Potential Technical CPE Requirements

Hunter Cook was called on to provide an overview of current CPE Rules, and to discuss potential Technical CPE Requirements. In a discussion concerning the Uniform Accountancy Act (UAA), Hunter conveyed the NCSBCE has historically not adopted the UAA rules. Other discussion points centered on (i) how CPE programs are delivered, including blended and nano learning, (ii) the need for specific technical CPE per job requirements, and (iii) specific categories of learning that are acceptable per current NCSBCE rules.

Hunter confirmed the NC State Board remains open to discussion concerning CPE requirements, and that current plans are to take a deeper look at the current CPE Rules during the upcoming year. Sharon Bryson referenced prior discussion of forming a joint task force to engage in this process (to include three members of the NCACPA board and three members of the NCSBCE). There was agreement this would be a productive way to move further, with a suggested anticipated timeline to begin this conversation in the fall of 2018.

Firm Mobility

Bill Ezzell provided an overview regarding Firm Mobility, referencing a goal of allowing firms to provide all services, including attest services, across state lines without having to register or pay fees in each state. Hunter Cook commented that only when firms from outside NC are performing audit work are they required to notify NCSBCE. Bill clarified that currently 22 states already have "no notice and no fee," and reaffirmed his hope that the profession can reach a status in which all states operate in this same manner.

CPA Exam

In providing an overall summary regarding the CPA Exam, Sammy Williams noted the biggest reason for delays in processing Exam applications is the failure to disclose. He added the normal processing of applications is approximately 24 hours, but the process slows down significantly if something is detected that was not disclosed. Scott Showalter mentioned that at NC State, students are educated on the extreme importance of disclosing everything necessary on the application. It was also referenced that North Carolina continues to fair favorably regarding the Exam pass rate in comparison to other states.

Other Topics

Bill Ezzell mentioned at the recent AICPA Regional Meeting there was a proposal discussed to potentially create a new expanded pathway to CPA licensure. Bill commented that in looking at professional needs of the future focused on data mining, audit, analytics, and cyber security - there is discussion occurring that a specific path is needed for tomorrow's CPAs to obtain these skills. It was noted a more in-depth conversation on this topic will be held at the AICPA Spring Council meeting in May, and that this item will also be discussed during the June 21, 2018 NCACPA Board of Directors meeting.

Strategic Discussions

Increased Advocacy & Awareness

Sharon Bryson and Dave Horne presented a summary of 2018 legislative & NC CPA PAC matters:

- The NC short session of the General Assembly will convene on May 16, 2018. There are a limited number of bills set for discussion. NCACPA will request the Revenue Laws Study Committee put IRC conformity on their next meeting agenda in order to receive a related update.
- NCACPA continues to work diligently with the NC Department of Revenue, and with various members of the General Assembly, on eliminating the need to file a separate state extension if a federal tax extension is filed.
- Occupational Licensing Boards – the ongoing topic of consolidation has created potential areas for discussion during the short session including (i) uniform reporting measures, (ii) annual financial audits mandatory for all boards, and (iii) July 1 – July 30 fiscal year required.
- Data privacy legislation presented by Attorney General Josh Stein and Rep. Jason Saine to move during the short session, and includes provisions on (i) preventing data breaches, and (ii) related consumer protection.

- NCACPA is working to build relationships with key legislative representatives via the following recent activities (i) NCACPA board member Kelli Knoble attended a recent political reception in Charlotte for Representatives Brawley and Saine, presenting each with an NC CPA PAC check, and (ii) Sharon Bryson attended a political reception for Representative David Lewis, also presenting him with an NC CPA PAC check.
- Additional advocacy items reported were:
 - Accountants Coalition meeting on March 6, 2018 held at PWC in Charlotte.
 - Organizationally, Moira Gill has moved into the new position of Advocacy & Communications Strategist. Moira will be assisting Sharon with advocacy efforts going forward.
 - An NCACPA Advocacy Advisory Council will be formed by May 1, 2018.
 - A brief update was given on the case of *Head v. Gould Killian*. The case is with the NC Supreme Court and while the amicus brief NCACPA filed was not accepted, it was read by the Court. As a reminder, the issue at hand in this case is determination of the beginning and end of an engagement - which is obviously relevant to the CPA profession - particularly in regard to the Statute of Repose and Limitations.
- NC CPA Political Action Committee items referenced were:
 - The NC CPA PAC account holds just over \$9,000, with fundraising efforts to begin shortly.
 - A payroll deduction guide for PAC contributions was distributed to the board to consider as an option for use by their respective organizations.

Current Strategic Matters/Next Steps

As part of the March 22, 2018 board meeting materials, Rollin addressed the Current Strategic Matters document sent out prior to the meeting, and addressed the following segments:

- Recruitment and retention of CPAs in business and industry
- Firm succession planning
- Alternative revenue sources for NCACPA
- Development of customer/member segments to better understand and predict customer/member behavior.

The document listed a summary of work already accomplished in each area, along with action items directed to the Board of Directors concerning each of the strategic matters noted.

Administrative Matters

Consent Agenda

Rollin Groseclose inquired if the board had any questions or comments concerning the minutes of the January 17-18, 2018 Board of Directors meeting. There being none, a motion was made by Dianne Uzzell, seconded by Zach Donahue, and unanimously approved by the board to accept the minutes as written.

AICPA Regional Council Meeting

Those NCACPA board members who attended Spring Regional Council noted the Federal Tax Legislation segment presented at the meeting was very well done. Concerning the new tax act, Regional Council attendees were questioned on what help we should provide our members. To aid with this concern, a paper will be sent out shortly with information that will also be posted on AICPA's website Tax Reform Resource page. Additional topics discussed included the AICPA Nominating Committee Report (which included the announcement that Deloitte Audit Partner, Tracey Golden, is the AICPA new Chair-Elect nominee), along with the previously referenced proposal regarding an expanded pathway to CPA licensure.

Financial Matters

January 2018 Financial Statements

Nikki Vann conveyed that at the end of January 2018 there was a \$625,000 surplus before unrealized gains from investments. NCACPA ran a successful Farmer tax program in January 2018 that significantly contributed to our margins. It was noted that with 100 less programs in FY18 as compared to prior year, our CPE margins through January 31, 2018 are \$450,000 ahead of the same period last year. As a general investment update, we had unrealized gains of \$265,000 at the end of January 2018. Due to market instability, unrealized gains on investments declined to \$135,000 as of February 28, 2018.

2018-2019 Fiscal Year Budget

Treasurer Dianne Uzzell pointed out that via NCACPA's business intelligence tools, the management team incorporated data-based decision-making throughout preparation of the FY19 budget. At the January board meeting, consensus provided by the board was for a break-even budget with any loss attributed to continued strategic enhancements. The FY19 budget presented showed a net deficit of \$234,000. Separately, both Nikki Vann and Rollin Groseclose acknowledged - given our transition to an evergreen strategic planning process - a shift in the budget preparation process of presenting a singular budget, as opposed to a separate operational and strategic budget. It was commented that while the budget shows a deficit, the document includes several larger projects that are strategic and non-recurring in nature. Following discussion, Donna moved to approve the FY 2018-2019 budget as presented, Rollin seconded, and the motion was unanimously approved.

Report from the Chair-Elect

Chair-Elect Bill Ezzell discussed board leadership for the upcoming year, referencing 2018-19 NCACPA standing committees (including composition of the Executive, Nominating, Audit, and Investment Committees) along with overall 2018-19 NCACPA leadership, identifying all other committees of NCACPA, including board liaison director assignments. Bill thanked everyone involved for their willingness to serve in the various capacities noted.

Other Board Responsibilities

Rollin Groseclose acknowledged the service of members of the board with terms expiring April 30, 2018. Each member was called forward individually and provided the opportunity to comment, after which Rollin presented them with a plaque commemorating their board service. The following officers and directors were recognized: Immediate Past Chair Donna Taylor; Treasurer Dianne Uzzell; and Directors Nicole Benford, Zach Donahue, Ronnie Eubanks, Eddie Sams, Shawana Karkouki, and Scott Showalter.

Closed Session

The board entered into a closed session. The discussions of this session will not be reported in these minutes.

Adjournment

There being no further business to conduct, the meeting was adjourned. The next meeting of the Board of Director is scheduled on June 21, 2018 at the Benton Convention Center in Winston-Salem.

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