



NCACPA Board of Directors Meeting Minutes

January 16, 2019

D. Scott Showalter, CPA, CGMA, CGFM, Chair, presiding

Members participating

Scott Showalter	Austin Wachter	Rollin Groseclose
Shawana Hudson	Kristen Hoyle	Whitney Gann
George Beckwith	Scott Hughes	Michelle Tracz
Walter Davenport	Mike Gillis	Jonathan Kraftchick

Staff participating

Sharon Bryson, Mark Soticheck, Teka Miller, Lorrie Leonhardt, Nikki Vann, Amelia Hodges, Jackie Asekhauno, Alexis Verbic, Moira Gill

Guests

Bob Brooks and David Nance, NC State Board of CPA Examiners; Dave Horne, Lobbyist/Legal Counsel to NCACPA

Welcome

Scott welcomed members of the NCACPA Board of Directors, Executive Staff of the NC State Board of CPA Examiners, and NCACPA staff members to the conference call. After a call to order and recitation of the Oath of a CPA, a motion was received and unanimously approved to accept the minutes of the October 3–4, 2018 Board of Directors meeting, without changes.

Strategic Discussions

Diversity & Inclusion

Scott thanked staff liaisons for submitting their committees' Diversity & Inclusion (D&I) worksheets. The objective of this worksheet was two-fold—to gauge where the Association stands in these efforts, and to see how various committees define their D&I objectives.

It was acknowledged the committees' current D&I plans are intentionally broad and outline small steps to make forward progress. After the committees make tangible headway on their intended D&I goals, it was agreed the Board of Directors will have a better idea of what needs to be done to build on that progress.



Specific ideas to build on D&I efforts included a D&I focus for the 2019 Leadership Summit, potential collaboration with the National Association of Black Accountants (NABA), and partnering with colleges and universities to recruit minority committee members. It was reiterated that both capitalizing on the diversity a committee may already have, and recruiting new members to broaden diversity of background and thought, will begin to allow for different outputs and ideas to build upon D&I progress.

Of note, the new head of NABA serves along with Sharon on the AICPA's National Commission on Diversity & Inclusion. Sharon indicated he is interested in our D&I efforts and is willing to help with NCACPA/NABA collaboration.

As an immediate next step, Scott plans to communicate with NCACPA committee chairs and thank them for their submissions. In this communication, Scott will ask committees to complete their stated D&I goals by the conclusion of the current fiscal year (April 30, 2019). Additionally, committees will be expected to create new goals for the fiscal year beginning May 1, 2019, that build on the previous year's progress. These plans will be discussed further at the Leadership Summit in May.

Advocacy & Awareness

Legislative Priorities

NCACPA lobbyist/legal counsel, Dave Horne, joined the call at 10:30 am to participate in discussions regarding the Association's advocacy efforts.

The North Carolina General Assembly (NCGA) reconvened January 9 to release initial committee appointments. The finance committees in both chambers are of utmost importance to the Association, and there are new co-chairs for each. The NCGA leadership has not changed, but the veto-proof majority of the Republicans has been eliminated by 2019 general elections.

Dave advised that forming NCACPA member connections will be critical with the following legislators: Sen. Jerry Tillman of Archdale (we have a good relationship here already), Sen. Ralph Hise from Madison County (we will attempt to make connections in the six counties he represents), and Sen. Paul Newton, former Duke Energy president who lives in Salisbury.

Rep. John Szoka of Cumberland County will most likely be Senior Chair of the House Finance Committee. NOTE: The Association met with Rep. Szoka on January 25 with CPA members Jason Poole and Kelly Puryear. Rep. Szoka had called for the meeting to discuss the Association's legislative priorities and how he could assist. The other co-chairs of the House Finance Committee are Rep. Julia Howard (Moore and Randolph Counties); and Rep. Mitch Setzer (Catawba County); NCACPA will prioritize arranging meetings with both of these representatives.



Dave briefly covered developments on the Association's legislative priorities since the October Board of Directors meeting:

- Power of Attorney—NCACPA, along with representatives from the NC Bar Association, are continuing discussions with NC Department of Revenue COO/CIO, David Roseberry, on this topic. Solutions geared around internal DoR processes, as well as related technology were discussed; with the Department agreeing to pursue suggestions and provide the Association an update by the end of February.
 - A POA "task force" was formed and comprises Sharon Bryson, Dave Horne, Mike Wenig (CPA and attorney; NCACPA Tax Committee member), and Sabra Faires (practicing attorney and member of the NC Bar Association).
- Section 179/Bonus Depreciation—NCACPA, with Rollin Groseclose as the lead, is in the process of scheduling a call with NCGA legislative staff to discuss our views on the inequities to taxpayers caused by the current statute.
- Market-Based Sourcing—Dave Horne is submitting a letter to the NCGA informing the legislature of the policy they should adopt and outlining the options in place to do so.

Sharon added that the leadership of David Roseberry will likely aid changes at the DoR, particularly given David's background in technology.

NCACPA, along with four CPAs, will meet with the DoR on January 23 to discuss improvements to NC-3 e-filing for next year. NOTE: The Association felt heard on the issue and related concerns, and the DoR will follow-up in mid-February with improvements they believe to be feasible. In the interim, NCACPA was pleased to have worked with the DoR to enable an automatic penalty waiver for NC-3 e-filing.

North Carolina CPA Political Action Committee (PAC)

Sharon mentioned the need to fundraise for the NC CPA PAC. Most of the remaining \$5,200 balance will be used to contribute at the following events:

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|---------------------------------------|---------|
| • House Republican Caucus | \$600 |
| • Senate Republican Caucus | \$600 |
| • House Democratic Caucus | \$500 |
| • House Democratic Caucus | \$500 |
| • Committee to Elect Republican Women | \$500 |
| • Governor Cooper for NC | \$1,000 |

Given shifts in the legislature following the November elections, NCACPA contributed (a fairly even spread) to both parties, as well as the Governor's office. Of note, the contribution amounts above are at or around the minimum threshold for event attendance.

Sharon thanked the directors for their ongoing PAC support. The NCACPA Advocacy team will continue fundraising efforts to replenish the PAC and will seek support from G400 firms as well.



Scott reiterated that NCACPA is the only place CPAs get the benefit of professional advocacy, and encouraged the directors to [make additional contributions to the NC CPA PAC](#).

Enhanced Engagement

NC CPA Foundation

Austin provided an update on the NC CPA Foundation. The Foundation received over 240 scholarship applications; it awarded 72 scholarships in amounts ranging from \$1,500 to \$2,500 each, coming to a total of \$138,000 given (\$16,000 of which was from the McCoy scholarship fund). Recipients comprised 21 community college students, 37 undergraduate students, and 14 graduate students.

Members of the NC CPA Foundation Board of Directors met to formalize a fundraising plan that will be rolled out in the next couple of months. Additional planning is ongoing for the relaunch of the Foundation brand, as well as succession planning for the Foundation board.

[An infographic showcasing the work of the Foundation](#) this scholarship season was shared with members via the NCACPA website. Mark Sotichack added that the Foundation will reconvene to debrief on this year's process and refine it for next year based on feedback from the Young CPA Cabinet, Foundation board, faculty involved, and other volunteers.

Current & Emerging Technologies Task Force

Jonathan Kraftchick updated the group on the Current & Emerging Technologies Task Force. Jonathan noted that in communicating with the Maryland Society of CPAs, he learned of their pre-existing charter in the technology realm, which he feels NCACPA can use to help define what investment in current and emerging technology means for NCACPA, our membership, and for the profession.

The Task Force is working on a timeline, and plans to send a survey to NCACPA members and firms to gauge awareness and utilization of new technology tools.

The NC State Master of Accounting program is hosting a panel discussion on the future of technology in accounting as part of the program's 25th anniversary celebration. Members of the Task Force will join this panel to inform future efforts.

NCACPA board member Malcomb Coley will put Jonathan in touch with EY's innovation leader, who can provide additional perspective to inform the Task Force's work.

Succession Planning



Mike Gillis gave an update on the Succession Planning Task Force. The group has had three calls thus far, the most recent with AICPA Executive Vice-President, Mark Koziel. Mike indicated the Task Force plans to work collaboratively with the AICPA Private Companies Practice Section (PCPS) to help promote succession planning among NCACPA members.

The Task Force is in the process of developing a communications plan to be rolled out in late summer. A page will be added to the NCACPA website pointing to succession planning resources, as well as to a list of practitioners (in addition to the Task Force members) who are willing to talk to firms about the importance of succession planning and related information (but not in a consulting capacity).

Governance & Operational Effectiveness

Nominating Committee

Rollin provided an update on the Nominating Committee, which meets January 31 in Charlotte to select the next class of the Board of Directors. Particular attention will be given to aligning candidates with the strategic priorities of the Association. In previous meetings, the Board of Directors helped identify a list of characteristics to consider in the selection process:

- Young CPAs
- Business & Industry CPAs
- CPAs in taxation
- CPAs with a focus in technology/data analytics

The Nominating Committee had 16 completed applications at the time of the January Board of Directors meeting, an all-time high.

Board of Directors Calendar

There was agreement the drafted Board Calendar provides useful structure for deep-dives on strategic initiatives at board meetings, and it was noted the Member Engagement strategic initiative will be focused on during the next board meeting in March.

This calendar will be highlighted during the upcoming Board of Directors Orientation in May, and should provide awareness of the cycle of necessary board discussions throughout the entire year.

Financials/Budget

NCACPA Treasurer Shawana Hudson directed the board to a detailed budget timeline in their materials, which incorporated December financials and a projected statement through the end of the fiscal year (April 30, 2019). Of note, 86% of revenue has been earned with a third of the fiscal year still remaining. NCACPA is performing ahead of budgeted revenue, driven by activity in membership dues. The increase in membership dues was well within range of McKinley's prior recommendations, and the expectation is next year will bring similar retention rates.



The next budget cycle will consider the impact of Centennial activities and technology investments. There was agreed upon direction from the board that the 2019-20 budget should be constructed with a break-even outcome. Nikki Vann explained that the last “strategic cycle” for the budget had a 3-year window in which \$1.2 million was allotted—with this being separate from the operational budget. With the current structure of the budget, strategic initiatives flow through operational line items. There was consensus that the Board of Directors will entertain a deficit budget—but only if necessary to advance a strategic initiative.

The NCACPA Executive Committee meeting will be held on February 25th to produce a final budget that will be presented to the board for approval in March. It was again noted that directors are welcome to attend the February 25th meeting.

Other Board Responsibilities

Sharon referenced the Young CPA Cabinet’s January meeting, when new members were selected. A document sharing names, photos, and brief biographies of the new members is available on the Board of Directors Community on Connect. The Young CPA Cabinet Chair will be Anna Kinast of Bank of America, and the Vice-Chair will be Amelia Crawford of Cherry Bekaert.

Sharon also announced the 2018 recipient of the “Taking it to the Max Award”—NCACPA Board of Directors member Whitney Gann. Whitney was on the Young CPA Cabinet when this award was created, and will be presented with the award at the Leadership Summit in May.

Jonathan Kraftchick and Jackie Asekhauno added that NCACPA representatives serving on the joint CPE Task Force had met twice with the NC State Board of CPA Examiners reps to discuss revised CPE rules. The State Board is in the process of drafting Task Force recommended rules for approval, and the Board of Directors will be updated further during our March board meeting.

Finally, Sharon added that there is still no appointment for the vacant public seat on the State Board. NCACPA recommended highly viable candidates and will keep the Board of Directors abreast of any updates.

Adjournment

There being no further business to discuss, Scott Showalter adjourned the meeting.

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