



# NCACPA Board of Directors Meeting Minutes

June 20, 2019

**Benton Convention Center, Winston-Salem, NC**  
**Austin Wachter, CPA, Chair, Presiding**

## *Members Participating*

Walter Davenport	Scott Hughes	Abi Raja
Tim Fleischman	Kelli Knoble	Rob Rowan
Whitney Gann	Jared Korver	Scott Showalter (via conference call)
Mike Gillis	Alex Lehmann	Arleen Thomas
Shawana Hudson	Beth Monaghan	Austin Wachter

## *Staff Participating*

Sharon Bryson, Mark Sotichek, Nikki Vann, Amelia Hodges, Lorrie Leonhardt, Teka Miller, Jackie Asekhauno, Moira Gill, and Lisa Seaton.

## *Guests*

NC State Board of CPA Examiners (NCSBCE) Executive Director, Bob Brooks; and Deputy Director, David Nance; NCACPA Legislative Counsel/Lobbyist Dave Horne, JD, Smith Anderson.

## Administrative Matters

### Call to Order

Austin Wachter called the meeting to order and welcomed members of the NCACPA board, staff of the NC State Board of CPA Examiners (NCSBCE), the NCACPA Management Team, and other invited guests. Austin invited the CPAs in attendance to stand and recite the "Oath of a NC CPA."

### Consent Agenda

Austin inquired if the board had any questions/comments concerning the March 20, 2019 Board of Directors meeting minutes. There being none, a motion was made by Scott Showalter, seconded by Shawana Hudson, and unanimously approved to accept the minutes as written.

## Strategic Discussions

### Revisiting NCACPA's Strategic Focus

Austin Wachter led a high-level overview of our current strategic quadrants, including NCACPA's organizational effort to weave Diversity & Inclusion (D&I) into each of the four strategies.

- *Increased Advocacy & Awareness* – We are pursuing a broader focus to ensure our "awareness related efforts" go beyond governmental advocacy.
- *Highly Valued Professional Development* – Our intent is to focus on cutting-edge efforts in this area, and to be one step ahead of emerging educational trends.

- *Governance & Operational Effectiveness* – We will continue to stress the importance around data, along with our efforts to both harness/analyze our data in a timely manner.
- *Enhanced Engagement* – Continue to engage members at every level; our board, other leaders, and the membership at large. Ensure we align this strategy with updates and insights from the Foundation (with a focus on taking potential CPAs all the way through their career). There was an agreement that this initiative should be included in the Enhanced Engagement strategic quadrant, with a specific reference to our NC CPA Foundation.
- ***Discussion Points & related Action Items:***
  - How do we want/need to serve CPAs who retire? What is an appropriate definition of this rapidly growing, evolving member segment?
  - Will the Succession Planning Task Force address this issue?
  - What are we doing to make CPE relevant to “retirees?”
  - Further clarify the Enhanced Engagement quadrant to have a better understanding of who we are trying to serve, and in what ways we need to do so.
  - Amend the *Strategic Placemat* per acceptance of the revised language presented in the Enhanced Engagement quadrant.

## Governance & Operational Effectiveness

### Vision & Mission Statement Task Force

Scott Showalter shared an update concerning this newly formed task force which will re-evaluate the NCACPA vision & mission statements. He noted it has been 13 years since these statements have been reviewed. The task force is comprised of volunteers from public practice, industry, and the education sector, with their primary objective being to ensure the statements provide long-term relevancy and the ongoing promotion of strategic growth.

#### **Action Item(s):**

- The first meeting of the task force will occur in late July, with plans for their recommendations to be presented during the October 2019 board meeting. It was noted NCACPA may need to revisit our strategic quadrants as a result of the task force report.

### “Deep Dive” into the Governance & Operational Effectiveness Quadrant

Lorrie Leonhardt and Nikki Vann facilitated a discussion and group exercise to focus on i) prioritizing the top areas of feedback from the Leadership Summit, where NCACPA needs to bring operational elements “up to median,” and ii) identifying the Board’s desired metrics for a strategic dashboard.

- Prioritization of Leadership Summit feedback
  - It was noted from our Leadership Summit program and related discussions, that strategy is about operating at the median level with respect to orthodox items, alongside 2-3 capabilities that differentiate us from our competitors.
- Overall feedback summary
  - Current Items
    - Many individuals have a hard time “seeing” themselves in our membership mix
    - Does our value proposition resonate with different groups?
      - CPE is perceived as orthodox.
      - Necessary ability to provide resources in a real-time manner.
      - Market segmentation – what is the value someone is willing to pay for with respect to each member segment? (What is our revenue per segment?)
      - How do we demonstrate the “value beyond the lesson?”
      - How do we monetize quality control? (i.e. Peer Review)

- We need to understand who our competitors are beyond the traditional market.
- Is there a barrier to engagement due to the requirements to be a member?
- Why should I renew my membership?
- Final List
  - Market Segmentation/Identification
  - Understand/Communicate the WHY
  - Understand our competition (especially beyond traditional competitors)
- Executive Dashboard/Metrics
  - Strategic or Business Intelligence – what is the direction we should be moving towards?
    - Measure market segmentation beyond members (who we serve)
    - Movement of non-members to members or attrition
      - What do they need?
      - What would they like to see?
      - What type of value are they looking for?
    - Measure % of completeness of data
    - What information is out there coming from other professional associations? (Benchmark ASAE)
    - Member satisfaction
    - Be able to show trends
    - *Consensus – Will be difficult to build a meaningful dashboard until we identify market segments and define the targets, as well as related objectives*

**Action Item(s):**

- The NCACPA team will participate in further discussion/pursuit of implementation regarding elements of the “Final List” items noted above, further engaging the board in related discussion at necessary points along the way.

## NCACPA Centennial Efforts

During lunch, Lorrie Leonhardt presented a brief update on the NCACPA’s Centennial efforts throughout the year.

## Strategic Discussion

### Increased Advocacy & Awareness

#### Capitol Hill Visits

Shawana Hudson spoke to the board about the 2019 AICPA Spring Council meeting. She commented that the recent Council meeting in Washington included a significant focus on legislative issues the AICPA has identified and been advocating for at the federal level. Shawana noted our NC Council delegation met with Senator Richard Burr, Senator Thom Tillis, and with several congressional legislative aides to discuss the following issues:

- Modernizing the Internal Revenue Service (Modernize the IRS systems in order to deliver enhanced taxpayer services while keeping taxpayer data safe);
- Timely Issuance of IRS Disaster Relief (Exploring options to allow state governors more control over the timing and distribution of FEMA funds, or granting the IRS authority to postpone deadlines when a national disaster is declared by the state’s governor, rather than waiting for a federal disaster declaration);

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- Congressional fiscal state of the union resolution (Calling for the GAO Comptroller General to present the GAO's auditor's report of US government financial statements to a joint session of the House and Senate budget committees); and
- Taxation of the digital economy (Advocating for sound tax policy around the complex and unique challenges technology presents to government and tax authorities worldwide.)

**Guiding Principles of AICPA/NASBA's CPA Evolution Initiative**

Chair-Elect Kelli Knoble led a discussion concerning the CPA Evolution topic and related guiding principles. The AICPA is soliciting feedback on the five principles (jointly identified by the AICPA and NASBA), upon which they say any new licensure model should be based.

For more details regarding the board's feedback on the five guiding principles, please see the attached "CPA Evolution Feedback Form."

Sharon Bryson commented that Peter Hans, President of the North Carolina Community College System, has agreed to join our October board meeting, noting his appearance will indeed be timely with respect to the CPA Evolution topic.

**Action Item(s):**

- Several key points regarding the CPA Evolution topic were identified and discussed in depth by the board and will be shared with the AICPA prior to the Institute's requested August 9, 2019 deadline.

**2019 Legislative & NC CPA PAC Matters**

Sharon Bryson, Moira Gill, and Dave Horne led a group discussion on governmental advocacy matters. NCACPA held its first ever Advocacy Reception on May 1, 2019, which several members of the General Assembly and roughly 60-70 NCACPA members attended. It was noted that in spite of poor timing creating a negative impact on legislative attendance in light of NC budget discussions, the feedback regarding the event was very positive - as was the case regarding our Legislative Panel discussion during the Leadership Summit (featuring Senator Dan Blue, Speaker Tim Moore, Senator Paul Newton, and Rep. Brian Turner.)

An ongoing major focus of our efforts concern conversations with the Department of Revenue (DOR), involving the Power of Attorney (POA) issue, Market-Based Sourcing, and aspects of Section 179. We have supported the DOR budget request for additional funds to modernize the Department, with the POA issue being part of that request. Sharon commented that based on consistent efforts of our members and our lobbying team, our lines of communication with the DOR have continuously improved.

Sharon gave a brief update of our PAC goal to raise \$25,000 by December 2019, with a \$50,000 PAC fund total between now and the 2020 election cycle. Dave Horne mentioned he sees heightened enthusiasm amongst our members regarding our governmental advocacy efforts, and attributes that to increased communication with our membership in this area.

Alex Lehmann asked if there is a running list of legislative items we want addressed and their related priority, so once current initiatives are resolved, we are aware of future issues in the pipeline.

**Action Item(s):**

- It was noted our "CPA Impact" e-newsletter and our website currently feature advocacy issues at the forefront, and that we will continue to expand communication efforts regarding potential member-based legislative concerns to be addressed in the future.

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- Our NC CPA PAC \$50,000 fundraising campaign (between now and the 2020 election cycle) will now begin in earnest.

## Diversity & Inclusion

### Committee Report Updates

Austin Wachter led a discussion concerning reported D&I progress of each NCACPA committee. Noted below are overall comments from the board regarding committee efforts:

- The committee status reports seem to be more of an ongoing plan. There was concern expressed as to how completion of the plans will be carried out.
- D&I may not have been well defined. How can we determine success if we don't know the definition?
- It was noted this request was intentionally presented in a somewhat ambiguous matter, with the hope that each committee would come up with a plan that best suited their individual situation and/or status. It was stated that at this point, we should likely offer more direction in this area.

#### **Action Item(s):**

- It was agreed Austin will send out a communication to our committees thanking them for their prior efforts, providing them more specificity in terms of our ask, and reminding them the D&I work they are building on should be part of their action plans.

## CEO Action Pledge

Sharon Bryson spoke briefly about the "CEO Action Pledge" she will sign on behalf of NCACPA, referencing her intent – with the combined efforts of the NCACPA board, members, and management team – to honor the commitments outlined in the pledge.

#### **Action Item(s):**

- Notice of the pledge will be posted on the NCACPA website, periodically featuring information regarding NCACPA efforts in this area. We will also provide a related update during the October board meeting.

## Governance & Operational Effectiveness

### Evolution of Peer Review Administration and Coastal Peer Review Program

Nikki Vann & Mark Sotichek led a discussion regarding the Enhancing Audit Quality Initiative (EAQ) launched in May 2014 to address audit quality challenges. The goal of the initiative is improving audit performance by increasing consistency, efficiency, and effectiveness of peer review program administration. Key components of this initiative involve the need for an administering entity (AE) to be re-evaluated for compliance with new guidelines including the following:

- processes and/or procedures to mitigate familiarity threat;
- a defined benchmark model for the administrator, technical reviewers, and committees/RABS; and
- a requirement to have at least one CPA employed on staff to lead the Peer Review Program Administration, allowing for a transition period of up to 3 years by request and approval of a waiver.

There are three identified viable alternatives for the NCACPA:

- Increase Peer Review administrative fees;
- Discontinue the service, and allow Peer Review to be administered by another state; and
- Identify a creative, sustainable solution allowing us to provide this compliance service as effectively as possible, while also maintaining state and local involvement.

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As we continue to listen to feedback from our Peer Review Committee and members of our State Board, NCACPA wants to remain relevant in the Peer Review arena. The recommendation to the board is we continue to investigate the possibility of partnering with other states.

### ***Action Items/timeline:***

- October 2019 - Obtain NCACPA board approval to form a joint venture and move to a new AE entity.
- November 2020 – CPA on staff starts in new role.
- January 2021 - The tentative launch of a Coastal Peer Review Program.

### **Financial Matters**

Shawana Hudson shared the overall timeline for development of the budget, noting the formal budget meeting occurs in February (with all board members being invited), utilizing relevant data from our professional development and our membership areas. As a result of our prior McKinley membership study, Shawana noted there is now a recommended annual “built-in dues increase.” With respect to our year-end financial statement report, highlighted positive budget impacts were made by Don Farmer programs (providing significant revenue at the end of the 2018 calendar year.) An additional positive outcome was our investments performing better than anticipated.

Shawana concluded by saying the audit will wrap up in the August timeframe.

### ***Action Item(s):***

- Our Investment Committee plans to meet this summer. There is still a need for an at-large Investment Committee member, and board members were asked to recommend suitable candidates to either Shawana or to Nikki.

### **Adjournment**

There being no further business to conduct, the meeting was adjourned. The next meeting of the Board of Directors is scheduled for August 14, 2019 and will be held as a conference call.

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