

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Minutes of the 110th Annual Business Meeting

**New York, NY
Tuesday, October 31, 2017**

A duly called Annual Business Meeting of the National Association of State Boards of Accountancy, Inc., was held at the New York Marriott Marquis in New York City, on Tuesday, October 31, 2017.

1. Call to Order

The meeting was called to order at 9:00 a.m. by Chair Telford A. Lodden (Associate – Iowa) who presided. Mr. Lodden announced that Noel L. Allen (Legal Counsel – North Carolina) had agreed to serve as parliamentarian for the meeting.

Chair Lodden announced the additions and corrections to the registration list which had been distributed to all registrants had been made and indicated there was a designated voting representative for each Member Board in attendance. He noted that the list as corrected showed 356 in attendance at this meeting including current members from 53 jurisdictions. For the four-day event there was a total registration of 477, including delegates, associates, executive directors, legal counsel, spouses, guests and staff.

Chair Lodden pointed out that under Article VI, Section 6.4 of NASBA's Bylaws, a quorum for the transaction of business of any meeting of the Association shall be one or more designated voting representatives from a majority of the Member Boards. Mr.

Lodden noted that the registration list, as corrected, showed 53 designated voting representatives from 53 Member Boards were in attendance.

In the absence of objection, the final registration list was accepted as evidence that a quorum was present. (A copy of the final registration list is appended to the official minutes.)

2. Approval of the Minutes of the 109th Annual Business Meeting

Secretary Janice Gray (Associate – Oklahoma) reported that the minutes of the Association’s 109th Annual Business Meeting, held in Austin, TX, on November 1, 2016, had been distributed to all registrants. A motion by Ms. Gray to dispense with the reading of the minutes and to accept them as presented, was seconded by John F. Dailey, Jr. (Delegate – New Jersey) and approved.

3. Awards Presentations

NASBA Past Chair Walter C. Davenport (Associate – North Carolina) presented the NASBA Distinguished Service Award to E. Kent Smoll, CPA (Associate – Kansas), who had been active in NASBA for 20 years, including five years as Treasurer and currently serving as Director-at-Large. A Past Chair of the Kansas Board of Accountancy, Mr. Smoll thanked the Kansas Board and its Executive Director Susan L. Somers for teaching him how important the Board is to the protection of the public. He encouraged all Board of Accountancy members to become active in NASBA.

Vice President Emeritus Lorraine P. Sachs presented the Lorraine P. Sachs Standard of Excellence Award to the South Dakota Board of Accountancy’s Executive

Director Nicole Kasin. Having served on many NASBA committees, including serving as Chair of the Executive Directors Committee, Ms. Kasin thanked the Accountancy Boards' Executive Directors for their assistance from the time she first started to work with the Accountancy Board.

Mr. Davenport presented the 2017 William H. Van Rensselaer Public Service Award to Thomas J. Sadler (Associate - Washington), who was NASBA Chair 2008-2009, a past Chair of the Washington State Board of Accountancy, served on many NASBA and State Board committees, and encouraged the State Boards to pay added attention to the rigor of compliance assurance programs. Mr. Sadler told the Annual Meeting audience, "The work of NASBA is never done. The public depends on your service."

4. Report of the Nominating Committee

Donald H. Burkett (Associate – South Carolina) chair of the Nominating Committee, presented the slate of officers selected by the Nominating Committee. Carrying out their work in accordance with Article VII, Section 7.3, and Article IV, Section 4.6 of NASBA's Bylaws, Mr. Burkett asked each of the nominees to stand.

Those nominated were:

Vice Chair (one-year term):

Janice L. Gray (Associate - Oklahoma)

Directors-at-Large (three-year term):

J. Coalter Baker (Delegate - Texas)

Maria E. Caldwell (Delegate - Florida)

W. Michael Fritz (Associate - Ohio)

Regional Directors (one-year term):

Southwest	C. Jack Emmons (Delegate – New Mexico)
Southeast	Casey Stuart (Delegate - Tennessee)
Middle Atlantic	Stephanie M. Saunders (Delegate - Virginia)
Northeast	Catherine R. Allen (Delegate – New York)
Great Lakes	Sheldon P. Holzman (Delegate - Illinois)
Pacific	James R. Ladd (Delegate - Washington)
Mountain	Nicola Neilon (Delegate - Nevada)
Central	Sharon A. Jensen (Delegate - Minnesota)

Having received no additional nominations from the Member Boards, Mr. Burkett moved that all nominees named by the Nominating Committee be approved by acclamation of the voting delegates. The nominees were so approved with no “nays.”

5. Report of the Bylaws Committee

Bylaws Committee Chair Edwin G. Jolicoeur (Associate – Washington) reported the Committee had been made aware of State Board members feeling disadvantaged in participating in NASBA leadership because of the term limits of their State Board service. After considering multiple alternatives, the Bylaws Committee recommended to the NASBA Board and now to the NASBA member Boards a revision of Bylaws Article IV 4.5.7 to remove the immediate past chair from the calculation of the majority that must be Board of Accountancy members currently or within the past six months. This

would reduce the delegate majority count from 11 to 10. Mr. Jolicoeur moved for adoption of the change and was seconded. By voice vote, with no opposition, the motion was carried.

6. Administration and Finance Committee

The A&F Committee met four times during the past year and the Investment Committee, a subcommittee of the A&F Committee, met five times during the past year, reported Treasurer A. Carlos Barrera (Associate – Texas). He noted the Association had experienced positive operating and investment results this year. Fiscal 2017 saw revenues growing 5.2 percent over the previous year. Expenses rose 3.4 percent over the previous year in examination operations, licensing and related services, and in mission-oriented spending. In addition, investment income was significantly higher than the prior year, primarily as a result of strong market performance in the last nine months of the fiscal year. Net assets increased by \$6.2 million, the largest fiscal year increase in NASBA’s history, Treasurer Barrera pointed out. Net assets increased from \$45.3 million to \$51.5 million as a result.

7. Report of the Audit Committee

Audit Committee Chair Jimmy E. Burkes (Delegate – Mississippi) reported on the activities of the committee as summarized in the Audit Committee letter in the annual report. The Committee met with LBMC PC, NASBA’s auditor, and discussed the scope of service to be provided. In addition, they discussed the approach to the audit, timing of the audit, timing of their report and risk areas. There were no disagreements with

management and no adjustments were required at the year end. Mr. Burkes thanked NASBA's financial management team: Senior Vice President and CFO Michael Bryant, Director of Finance and Controller Troy Walker, and NASBA Center for the Public Trust CFO Sandra Davidson.

The Audit Committee had recommended that LBMC PC, of Brentwood, TN, be reengaged as NASBA's auditor for the year ending July 2018. At the October 2017 Board of Directors' meeting that recommendation was ratified, having previously been approved by the Executive Committee.

8. Report of the Executive Directors Committee

Executive Directors Committee Chair Wade Jewell (Virginia) reported the Committee had planned its program for the Executive Director and State Board Staff Conference to be held in March in Destin, Florida, and he encouraged all member Boards to have their staff attend. Once again, the meeting will be shared with state CPA society executives.

9. Report of the President

President Ken L. Bishop announced that NASBA was stronger than ever – financially, in the capacity that it can provide for the Boards, and in the level of the Boards' participation. NASBA has budgeted \$10,300,000 for mission spending in support of State Boards this year. The first phase of the Nashville office space build-out has worked out well and now construction is continuing to establish a video studio and to

create a meeting space that has room for the entire NASBA staff to gather as well as to host other large groups.

In 2018 the new Gateway system will be in operation, including new tools for Boards that did not exist before. Development of the CPE Tracking tool continues, as a change in vendor was necessary and now a better, more reliable product is being constructed, President Bishop stated.

International regulators have come to know what NASBA does, and President Bishop congratulated Chair Telford Lodden for representing NASBA internationally and taking the organization to a new level on the international front this year. Mr. Bishop recalled productive meetings with leaders of CPA Canada, the Chartered Accountants of Ireland and the Institute of Chartered Accountant of Scotland (ICAS). He called on ICAS Executive Director Anton Colella to come forward and presented him with a plaque in recognition of his many contributions to the international accounting profession.

President Bishop recognized the work being done by Vice President – State Board Relations Daniel Dustin to ensure NASBA provides timely help to State Boards and the ongoing monitoring being done by Director of Governmental and Legislative Affairs John Johnson to keep track, and act when needed, on the thousands of bills that could potentially impact Accountancy Boards.

Recently the Reorganization Impact Task Force was formed by Chair Lodden in response to State Boards' concerns about the American Institute of CPAs' new structure, President Bishop explained. The Task Force is headed by Director-at-Large John Dailey

and has been given legal resources to assist its efforts. It is anticipated the Task Force will report back to the NASBA Board in January.

Almost every speaker during the Annual Meeting mentioned “technology,” President Bishop observed. He called on the State Boards to open their minds and think of the need for CPAs who are current in technology. He suggested creating a new pathway to become a CPA, one with different education, examination and experience requirements. Individuals can have the skill sets of both a CPA and a technologist, Mr. Bishop maintains.

In closing, President Bishop warned the Boards that some legislators are tending to batch all regulated occupations together and are considering arbitrarily stripping away resources from all licensing boards. He urged the Boards to call on NASBA for help when confronting such legislation.

10. Adjournment

There being no additional new business, the meeting was adjourned at 11:38 a.m.