Minutes of: New York State Society of Certified Public Accountants Board of Directors’ Meeting

Date & Time: Monday, March 18, 2013, 8:59 a.m. to 1:51 p.m.

Location: NYSSCPA Offices, 3 Park Avenue, 18th Floor, New York, NY 10016

Presiding Officer: Gail M. Kinsella, President

NYSSCPA Board Members Present:
J. Michael Kirkland, President-elect
Sherry L. DelleBovi, Vice President
Suzanne M. Jensen, Vice President
Anthony J. Maltese, Vice President
Scott M. Adair, Secretary/Treasurer
Anthony T. Abboud
William Aiken
Gregory J. Altman
Barbara E. Bel
Robert W. Berliner
Christopher G. Cahill
Harold L. Deiters
Adrian P. Fitzsimons
Jennifer R. George
Rosemarie A. Giovinazzo-Barnickel
Mitchell L. Gusler

NYSSCPA Board Members Absent:
David Evangelista, Vice President
Shari E. Berk
Domenick J. Esposito

Staff Present:
Amy Broderick
Robert Busweiler
Colleen Lutolf

Timothy P. Hedley
Douglas L. Hoffman
Scott M. Hotalen
Eric M. Kramer
Elliot A. Lesser
Pei-Cen Lin
Steven M. Morse
Richard E. Piluso
Robert R. Ritz
Michael F. Rosenblatt
Cynthia A. Scarinci
John Shillingsford
Robert E. Sohr
Yen D. Tran
F. Michael Zovistoski
Joanne S. Barry,
Executive Director

Stephen E. Franciosa
Arthur J. Roth
Richard T. Van Osten

Ernie Markezin
Denise Osorio
Patrick Payano
MINUTES

B12 — L — 0
Call to Order

Attendance was taken; President Gail M. Kinsella established that a quorum was present and called the meeting to order at 8:59 a.m.

B12 — L — 1
Minutes

a. Approval of Minutes of November 19, 2012, Board of Directors’ Meeting

Ms. Kinsella asked the Board to consider and approve the minutes of the November 19, 2012, meeting. Mr. Zovistoski moved to approve the minutes, and Mr. Sohr seconded the motion. The motion passed without objection. Mr. Gusler abstained.

b. Approval of Minutes of December 4, 2012, Board of Directors’ Meeting

Ms. Kinsella asked the Board to consider and approve the minutes of the December 4, 2012, meeting. Ms. Jensen moved to approve the minutes, and Mr. Piluso seconded the motion. The motion passed without objection. Mr. Hotalen abstained.

c. Approval of Minutes of January 8, 2013, Board of Directors’ Meeting

Ms. Kinsella asked the Board to consider and approve the minutes of the January 8, 2013, meeting. Ms. Scarinci moved to approve the minutes, and Mr. Morse seconded the motion. The motion passed without objection. Ms. Lin abstained.

B12 — L — 2
President’s Report

a. Chapter Leadership Meetings Update

Ms. Kinsella announced that she had spent time with various chapters across the state, and that overall feedback had been good. She added that at the beginning of the fiscal year, she had decided to put chapter visits on a two-year schedule to allow for more informative chapter visits. Ms. Kinsella noted that she had enjoyed meeting the chapters with Mr. Kirkland.

b. Governance Subcommittee Report

Addressed under B12 — L — 12.
c. Awards Committee Report
Ms. Kinsella explained that the Awards Committee meets annually to discuss Society members and their achievements. She then asked Mr. Piluso to present the Awards Committee Report. Mr. Piluso announced that Mr. Jeffrey R. Hoops had been awarded the NYSSCPA Distinguished Service Award, Mr. Robert Kawa and Ms. Cynthia Scarinci had been awarded the Dr. Emanuel Saxe Outstanding CPA in Education Award, and Ms. Beth Van Bladel had been awarded the Outstanding CPA in Industry Award.

Ms. Kinsella thanked the Awards Committee.

d. Non-CPA Ownership Member Feedback
Ms. Kinsella shared feedback from a member who disagreed with the Board’s stance on non-CPA ownership. Ms. Barry added that both she and Mr. Pryba had spoken to the member. Ms. Kinsella explained that the Board is charged with the leadership of the Society, and that after gathering all of the relevant information, it is the Board’s responsibility to then discuss the issue at hand and lead the Society. She added that the Board must then communicate with the members through The Trusted Professional, The CPA Journal, the Society website, and chapter meetings.

The Board further discussed the issue of responding to individual member concerns regarding decisions of the Board, and discussed posting meeting agendas prior to meetings to facilitate better communication with the members.

Mr. Pryba noted some points of feedback from the Legislative Task Force and the Executive Committee. He explained that if a non-CPA is an owner in the firm, the firm could not use the “CPA” designation in the firm name. Mr. Pryba added that no passive ownership would be allowed, and that all owners must be involved in the day-to-day running of the firm.

e. FAE Update
Mr. Adair announced that FAE met on February 14, 2013. He explained that the FAE operating results had improved, when compared to the prior year. Mr. Adair explained that this was the first year of FAE’s new business plan, and that FAE had cut a lot of expenses.
He added that the on-demand and self-study library were continuing to grow and that overall from a financial standpoint, there had been considerable improvement. Mr. Adair noted that FAE had passed their budget.

Ms. Barry stated that web events had taken off and that FAE was creating both panel and individual speaker presentations. She added that negative member feedback had decreased significantly.

Ms. Kinsella thanked the Board members for their service and explained that her presidency had been very rewarding and that she had enjoyed it thoroughly. She thanked the Board members for their support.

**B12 — L — 3**  
**President-elect’s Report**

**a. Real Estate Update**  
Mr. Kirkland announced that Ms. Sara Gold had prepared an excellent graphics package in preparation for the move.

**b. Selections Subcommittee Report**  
Mr. Kirkland thanked the members of the Selections Subcommittee for their work.

**c. Dissolution of Nassau Chapter Legislative Committee**  
Mr. Kirkland explained that the Nassau Chapter had been interested in legislative issues in New York State and that they had set up a legislative committee with guidelines from the Society, and instructions to bring all issues to the Society for discussion. Mr. Kirkland then explained that after failing to follow Society guidelines, the chapter had been instructed to disband their legislative committee, and have done so.

**B12 — L — 4**  
**Vice Presidents’ Reports**

**a. Chapters Update**  
Mr. Maltese presented the Chapters Update. He announced that the chapter presidents had held their last conference call. Mr. Maltese noted that the Northeast Chapter had found someone to serve as a Director as Chapter Representative for the upcoming year. He added that committee chairs were included on the conference calls to facilitate communication between the chapters and committees.
Mr. Kirkland added that active communication between chapters and committees will increase member involvement.

b. **Society Comments**
Ms. DelleBovi announced that as of March 4, 2013, 22 comment letters had been released. She added that there were also letters relating to proposed auditing standards updates in the pipeline.

Ms. DelleBovi thanked all those who drafted comment letters.

c. **Committees Update**
Ms. Jensen announced that 117 committee meetings had been held since the last Board meeting, and added that some meetings are held off-site to increase participation. She stated that approximately 60 new committee applications had been received.

The Board then discussed the Young CPAs Committee. Ms. Jensen explained that the Young CPAs Committee was very successful and thanked Ms. George for her work with the committee. Ms. Jensen suggested making the Young CPAs Committee an official committee and developing a Committee Action Plan to work out the specifics of the committee. She thanked Mr. Markezin for all of his help with the committees. The Board further discussed the Young CPAs Committee and also how to increase involvement of young CPAs in other committees.

a. **Nominating Process Update**
Mr. Adair thanked the Board members for their service. He stated that the Nominating Committee had been chaired by Mr. David J. Moynihan, and that their report had been published in *The Trusted Professional*. Mr. Adair congratulated all of the new Board members.

b. **Form 990 Update**
Mr. Adair explained that Mr. Payano was working on the Form 990 and that it would be reviewed by the auditors.

c. **Financial Statements for the Eight Months Ending January 31, 2013**
Mr. Adair stated that the financial statements will be
reviewed by the Finance Committee in the coming weeks. He noted that the November financial statements looked good. Mr. Adair explained that some of the surplus will go into the investment fund. He also noted the contribution from the Big Four firms. Mr. Adair explained that the January financial statements reflect similar results.

d. NYSSCPA Scholarship Program
Addressed under B12 – L – 8.

e. 2013/2014 Budget
Addressed under B12 – L – 8.

Ms. Barry reported on meetings regarding the future of CPA education and technology.

b. Government Relations Update
Mr. Pryba noted that the school district audit issue had been introduced into both the Senate and Assembly budgets. He noted that there had been a push for mandate relief and explained that the education portion of the budget would be the last to be resolved. Mr. Pryba added that the Society had also expressed its opinion on a bill to require reporting of suspected financial fraud on the elderly. He further noted that the Society was tracking nonprofit corporation reform, and had been in contact with the Attorney General’s office regarding a bill that may be introduced.

c. Dues/Membership Update
Ms. Barry stated that dues collection was at approximately 97%. She added that since dues had been increased, that was a very strong retention rate.

Mr. Piluso explained that over the past decade, the Awards Committee had struggled over whether to continue the Hall of Fame Award. He noted that the committee had deliberated over the necessity of a Hall of Fame Award for New York State, and had decided to keep the award but revise the process of nomination. Mr. Piluso explained that the committee suggested creating a body comprising of both Society members and staff to
research candidates and put their names on a list that would be reviewed annually. He added that the committee felt that the award should be recommended to the Board by the committee directly.

Ms. Kinsella thanked the Awards Committee for suggesting improvements to the nominating process. She added that the issue would also be discussed at the Executive Committee level.

Mr. Sohr added that the Hall of Fame Award should be reserved for truly outstanding people who have impacted the profession.

Ms. Kinsella congratulated the award winners.

Mr. Adair presented the budget to the Board. He explained that when management put together the budget, it allowed for the creation of new positions, and included moving expenses as well as technology initiatives. Mr. Adair added that the Finance Committee recommended to the Executive Committee that dues be increased and that staff salary increases also be included.

Mr. Adair then gave the Board an overview of the FAE scholarships and explained that Mr. Piluso, as the chair of the Investment Committee, needed further guidance regarding how much money should be set aside for scholarships. The Board discussed the relationship between the FAE budget and the Society budget.

Mr. Piluso moved to approve the 2013/2014 budget, and Mr. Lesser seconded the motion. The motion passed without objection.

Mr. Adair thanked Ms. Barry, Mr. Payano, and the department heads for their effort in developing the budget. Ms. Kinsella thanked Mr. Payano and his team, as well as the members of the Finance Committee for their work. She also thanked Ms. Jensen for reviewing the Form 990.

Ms. Barry presented the membership
Membership Report

report and announced that after approval of the 308 new members, the Society's membership total would be 28,594, compared to 28,187 the previous year. She added that she was optimistic that the Society would reach 29,000 members by the end of the fiscal year.

After further discussion, Ms. Scarinci moved to approve the membership report, and Mr. Lesser seconded the motion. The motion passed without objection.

Ms. Barry noted that Ms. Jennifer Winters, Executive Secretary of the State Board for Public Accountancy, indicated that there were a disproportionate number of licensees who were claiming inactive status, and that they would be questioned and evaluated.

B12 — L — 10
Society Recommendation to Fill FAE Board of Trustees Vacancies

Mr. Pryba explained that pursuant to FAE Bylaws Art. II and NYSSCPA Board Standing Rule SR-3, the Board must designate a group from which FAE will select their Trustees to fill vacancies. He further explained that the Board must submit twice as many candidates as there are vacancies.

Mr. Pryba announced the six proposed names:

Ciro Cuono
David Evangelista
Peter Frank
Jennifer R. George
Richard E. Piluso
Iralma Pozo

Ms. Giovinazzo-Barnickel moved to approve the six candidates, and Ms. DelleBovi seconded the motion. The motion passed without objection. Mr. Hoffman abstained.

B12 — L — 11
Society Appointment to FAE Board of Trustees

Mr. Pryba explained that pursuant to FAE Bylaws Art. II and NYSSCPA Board Standing Rule SR-8, the Board may select up to three members and appoint them to serve as FAE Trustees for any combination of one-, two-, or three-year terms.

He announced that five proposed names had been
decided upon by the Selections Subcommittee:
Domenick J. Esposito
Douglas L. Hoffman
Yen D. Tran
Richard Van Osten
F. Michael Zovistoski

Mr. Piluso moved to fill all three Trustee positions, and Mr. Maltese seconded the motion. The motion passed without objection.

The Board then discussed whether the Treasurer would be one of the three positions. Mr. Deiters moved to allocate one seat to Mr. Zovistoski as Treasurer, and Mr. Adair seconded the motion. The motion passed without objection.

Mr. Sohr moved to appoint Mr. Zovistoski to a two-year term, and Ms. Lin seconded the motion. The motion passed without objection.

Ms. DelleBovi moved that Board-appointed Trustees’ terms would terminate at the same time that their Board service terminates, and Mr. Fitzsimons seconded the motion. The motion passed without objection.

After further discussion, the Board members voted to appoint Messrs. Esposito and Hoffman to serve as Board-appointed Trustees.

B12 — L — 12
Approval of Bylaws Changes

Mr. Zovistoski explained that the Governance Subcommittee had met and reviewed two proposals from the Professional Ethics Committee.

He explained the first proposal to the Board. Mr. Zovistoski stated that the Professional Ethics Committee unanimously recommends that the Society’s Governance Subcommittee consider the following revisions to the Society’s Bylaws Article XII—Professional Conduct and Disciplinary Proceedings:

15. Publication and Notification –
(a) The names of members who are
disciplined after a trial board hearing or by settlement agreement recognized by the Joint Trial Board or Society trial board under paragraph 17 of this Article and of those who are automatically disciplined by the Society shall be published together with a factual summary of the case in (1) an appropriate publication of the Society which is mailed to all members and (2) on the Society’s website in accordance with a retention timeline established by the Board of Directors.

(b) Complainants shall be informed by the Professional Ethics Committee that its investigation had been conducted and concluded.

After further discussion, Ms. Giovinazzo-Barnickel moved to approve the Professional Ethics Committee’s recommendation, and Mr. Lesser seconded the motion. The motion passed without objection.

Mr. Zovistoski then explained the second proposal to the Board. He stated that the Professional Ethics Committee recommends that the Society’s Governance Subcommittee consider the deletion of item (f) to the Society’s Bylaws Article XII.19 as follows:

19. Disclosure to Regulatory Authorities – The Professional Ethics Committee shall inform the New York State Education Department and any other applicable state or federal regulatory agency (“Regulatory Authorities”) known to the committee of investigations involving professional conduct of a member or a partner or employee of the member’s firm as follows:

   a. After a request has been granted to a member to defer the investigation by the Professional Ethics Committee;

   b. After a member fails to cooperate with the Professional Ethics
Committee in any investigation;
c. After a complain has been referred to the Joint Trial Board under Article XII, paragraph 10 or the Society Trial Board under Article XII, paragraph 14;
d. After automatic actions under Article XII, paragraphs 2, 3, 4, 5, or 6;
e. After a settlement agreement has been entered into between the member and the professional ethics committee.
f. On any other occasion the professional ethics committee deems appropriate.

The Professional Ethics Committee shall turn over to the Regulatory Authorities all statements, documents, and other materials relating to the investigation, or copies thereof, requested by the Regulatory Authorities.

After further discussion by the Board, Ms. George moved to approve the Professional Ethics Committee’s recommendation, and Mr. Piluso seconded the motion. The motion passed without objection.

Mr. Maltese noted that “or” should be inserted after (d).

Ms. Kinsella explained to the Board that the recommendations would go to the full membership for a vote. Ms. Kinsella thanked the Professional Ethics Committee and the Governance Subcommittee for their work.

Mr. Pryba explained that the Professional Ethics Committee recommends adopting the AICPA Code of Professional Conduct, in light of the recent change from an option 1 to an option 2 state. He explained that adopting the AICPA Code of Professional conduct would bring the Society closer into
compliance and make the process easier for AICPA investigators. Mr. Pryba noted that the vast majority of the codes are very similar, and explained that if in the future the Society objects to something in the AICPA Code of Professional Conduct, the Board can vote not to adopt that specific change.

After further discussion, Mr. Piluso moved to accept the Professional Ethics Committee’s recommendation, and Mr. Hotalen seconded the motion. The motion passed without objection.

B12 — L — 14
Executive Session

Ms. Jensen moved to enter into an executive session, and Mr. Lesser seconded the motion. There being no objection, an executive session was held between 1:36 p.m. and 1:50 p.m. At the conclusion of the session, Ms. Jensen moved to adjourn the executive session, and Ms. Giovinazzo-Barnickel seconded the motion. There being no objection, the executive session was adjourned.

B12 — L — 15
Adjournment

Ms. Jensen moved to adjourn the meeting at 1:51 p.m., and Mr. Fitzsimons seconded the motion. There being no objection, the meeting was adjourned.

Respectfully submitted,

Scott M. Adair
Secretary/Treasurer