

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**July 25, 2016**  
**1101 Oberlin Road**  
**Raleigh, NC 27605**

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**MEMBERS ATTENDING:** Michael H. Womble, CPA, President; Wm. Hunter Cook, CPA, Vice President; Jeffrey J. Truitt, Esq., Secretary-Treasurer; Murchison (Bo) Biggs, CPA; Cynthia B. Brown, CPA; Justin C. Burgess; and L. Samuel (Sammy) Williams, Jr., CPA.

**STAFF ATTENDING:** Robert N. Brooks, Executive Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Communications Manager; Jean Marie Small, Professional Standards Specialist; Buck Winslow, Licensing Manager; and Noel L. Allen, Esq., Legal Counsel.

**GUESTS:** Mark Soticheck, CPA, COO, NCACPA; Amanda Davis, Director of Learning and Development, NCACPA; Ronnie Eubanks, CPA, NCACPA; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, AICPA; Jenni Middlebrook Case; Albert M. Edwards, Jr., CPA; and Officer J.A. Stokes, Raleigh Police Department.

**CALL TO ORDER:** President Womble called the meeting to order at 10:00 a.m.

**OATH OF OFFICE:** L. Samuel (Sammy) Williams, Jr., CPA, was sworn the Oath of Office by President Womble.

**PUBLIC HEARING:** President Womble called the Public Hearing to order to hear Case No. C2012391 – Albert M. Edwards, Jr., CPA. Mr. Edwards was present at the Hearing but was not represented by counsel at the Hearing. Mr. Edwards and David R. Nance, CPA, were sworn in and presented testimony. Messrs. Biggs and Williams moved to enter Closed Session to discuss the case without the Executive Staff or the Staff Attorney present, but with Noel L. Allen, Esq., Legal Counsel, present. The Board re-entered the Public Hearing and Messrs. Cook and Williams moved to permanently revoke North Carolina CPA Certificate No. 14885 issued to Albert M. Edwards, Jr. (Appendix I). Motion passed with seven (7) affirmative and zero (0) negative votes. The entire Public Hearing is a matter of public record.

**MINUTES:** The minutes of the June 23, 2016, meeting were approved as submitted.

**FINANCIAL AND BUDGETARY ITEMS:** The June 2016 financial statements were accepted as submitted.

Mr. Cook provided the Board with the report of the Audit Committee and the draft 2015-2016 audit report. Mr. Cook moved, and Mr. Truitt seconded, that the Board increase the net assets designated for litigation from \$750,000.00 to \$1,000,000.00 in the audit. Motion passed. Mr. Cook moved that the draft audit report as amended and as recommended by the Audit Committee be approved (Appendix II). Motion passed with seven (7) affirmative and zero (0) negative votes.

**LEGISLATIVE AND RULE-MAKING ITEMS:** Mr. Brooks provided the Board with several draft rules that may be considered for rule-making.

Mr. Brooks reported on the status of House Bill 1007 and the proposed Senate Committee substitute bills that were attached during the final days of the Legislative Session.

**NATIONAL ORGANIZATION ITEMS:** Mr. Cook and Ms. Brown moved to approve the draft response with suggested changes to the Exposure Draft, *Proposed Changes to the AICPA Standards on Performing and Reporting on Peer Review*. Motion passed. Mr. Truitt did not participate in the discussion of this matter, nor did he vote on this matter.

**STATE AND LOCAL ORGANIZATION ITEMS:** The NCACPA provided the Board with a copy of the 2015 AICPA Peer Review Board Oversight Committee Task Force report of the oversight visit of the administration of the NCACPA's administration of the peer review program for North Carolina CPAs (Appendix III).

Mr. Cook reported on the June 23, 2016, meeting of the Professional Standards Committee and Executive Staff with the NCACPA Peer Review Committee in Greensboro.

Mr. Cook, Mr. Sotichack, and Ms. Davis commented on the development and acceptance of competency based CPE by the Indiana Board of Accountancy.

**REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE:** Mr. Cook moved and the Board approved the following recommendations of the Committee:

Case No. C2015298-1/2 - Mary L. Christy, CPA - Approve the signed Consent Order (Appendix IV)

Case No. C2014027 - Close the case without prejudice. Mr. Cook did not participate in the discussion of this matter and nor did he vote on this matter.

Case No. C2016008 - Close the case without prejudice.

Case No. C2016048 - Close the case without prejudice

Case No. C2016079 - Close the case without prejudice.

Case No. C2016092 - Close the case without prejudice

Case No. C2016119 - Close the case without prejudice. Mr. Cook did not participate in the discussion of this matter nor did he vote on this matter.

**REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:** Mr. Biggs moved and the Board approved the following recommendations of the Committee:

**Transfer of Grades Applications** - The Committee recommended that the Board approve the following:

Katherine Marie Barga  
Samantha Brooke Hairston  
Tyler Alexander Kennedy  
Stacy Marie Kolodziejski  
Shannon Lynn Mather

Jeffrey Aaron George Morrow  
Steven Dalton Thompson  
Joseph Brock Vaughn  
Nathaniel Robertson White  
Joey Daniel Yoder

**Original Certificate Applications** - The Committee recommended that the Board approve the following:

Stephen Michael Allen  
Omar Yahya Alsaïdi  
John Charles Anthony, III  
Graham Wayne Arrowood  
Paul Harper Avinger  
Katherine Marie Barga  
Emily Small Batchelor  
Kaitlyn Elizabeth Bell  
Cory Walter Billings  
Russell Eric Bramlett, Jr.  
Travis Keith Brown  
Joshua Lane Bryant  
Hillary Beyer Burdette-Sapp  
Rowena Bass Carney  
Jenni Karicia Middlebrook Case  
Peter Young II Chae  
Fangyuan Chang  
Hui Chen  
Chun-Yuh Chou  
Elizabeth Williams Colcord

William Kristopher Collum  
Jacob Matthew Cooper  
Michael Taylor Corum  
Anna Marie Crawford  
Thomas Joseph Crowther  
Stacy Ann Daniel  
Terresa LaVern Dent  
Justin Charles Douthit  
Ross Anthony Drapalski  
Erin Whitford Droese  
Christopher Andrew Dusanenko  
Felicia Anne Edwards  
Senol Evren  
James William Angus Gambill  
Brent Steven Gillespie  
Rebecca Vedrody Grant  
Suzannah Marie Greenough  
Steven Cody Hagemann  
Samantha Brooke Hairston  
Joshua Paul Harms

Heather Ann Hess  
Rebecca Ann Hurst  
Heidi Susan Irwin  
Laura Lynn Jacobson  
Matthew Sterling James  
Sterling Neil Journigan  
Sandra Denise Joyner  
Tyler Alexander Kennedy  
Stacy Marie Kolodziejski  
Keith Ryan Lane  
Austin James Lowe  
David Douglas Mall, II  
Shannon Lynn Mather  
Keturah J. S. Mayberry  
Andrew Allen McNeish  
Cody Samuel Means  
Amber Melissa Metts  
Michael Ward Moran  
Jeffrey Aaron George Morrow  
Mark Russell Nielsen  
Jacob Mark Nygaard  
Derek Leo Osborne  
Melissa Grace Parry  
James Harold Peedin, IV  
Tara Elizabeth Rajani  
James Peter Reid  
Shaun L. Respass  
Emily Wood Reynolds

Thomas John Rita  
Matthew MacAllister Rymer  
Katherine Ann Schmidtke  
Phillip Louis Shehdan III  
Kate Buchanan Shelton  
Lonnie Dale Shook, Jr.  
Kyle Foster Smith  
Tammy Schenk Southerland  
Miranda Lynn Stiffler  
Lindsey Sara Strickert  
Steven Craig Strickland  
Ann Margaret Stringari  
Stephanie Payne Strong  
Brian Peters Stucky  
Briel Teresa Teague  
Steven Dalton Thompson  
William Bryant True  
Joseph Brock Vaughn  
Bryan Michael Weber  
Robert McCord Wheeler  
Nathaniel Robertson White  
Jessica Jones Wilson  
Henry Wilson Withers  
Jeffrey Neil Wood  
Brittany Nicole Wurdeman  
Joey Daniel Yoder  
Cameron Thaler Young

Staff reviewed and recommended approval of the original application submitted by Scott Richard Jackson. Mr. Jackson failed to disclose pertinent information with his exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee recommended that the Board approve staff recommendation.

Staff reviewed and requested Committee guidance on a request to grandfather an original license applicant who does not meet the 150-hour education requirement. The Committee recommended that the Board disapprove the request because the statutes found at NCGS 93-12(5) specifically require 150-semester hours as a condition of licensure.

**Reciprocal Certificate Applications** - The Committee recommended that the Board approve the following:

Robert Daniel Adams  
Jan Michael Alexander  
Debra Ginther Andrews  
Michael Laurent Audet  
Richard Enus Bhola  
Claude Andrew Campbell  
Xiaojuan Chen  
James Gustav Coffos  
Marcus Edwin Craig, III  
Andrew Steven Dailer  
John James Daly, Sr.  
Michael David Darlin  
Jeffrey Robert Dippold  
Chad Richard Edwards  
Dominic Joseph Fillippa, Jr.  
Kavita Narendra Gada  
Heather Michelle Gates  
Jeremy John Gilbert  
Peter Joseph Gmeiner  
David Goenaga  
Paul Douglas Haynes  
Melanie Carol Hoover  
Darryl Robert Jackson  
Amy J. James  
David Kyle Johnson  
Narsimha Reddy Kallem  
Melissa Anne Kehoe

Bonnie Sue Kline  
Betty Lynn Larose  
Christopher Edward Lorch  
Steven Glenn McCay  
Lauren Nicole McClune  
Deborah King McDonnell  
Donald Paul McFarland  
Shannon Aileen Moran  
Jeffrey Thomas Nick  
Ha Thu Phan  
David Gaynor Phillips  
Theresa A. Piscitelli  
James Emmanuel Ponce  
Brad Allen Reedy  
Thomas Edward Riley, Jr.  
Brian Lee Roberts  
Zachary Brooks Schoenholtz  
Charles William Stuber, Jr.  
Shannon Marie Titch  
Ifeoma Azuka Udeh  
Rachel Marie Warton-Eyers  
Allison Elaine Watkins  
James Michael Wojtowicz  
Mark Wurtenberger  
Olga Zevin-Bushel  
Yu Zhao

**Temporary Permits** - The Committee recommended that the Board approve the following temporary permits that were approved by the Executive Director:

James Michael Wojtowicz, T9222  
Ifeoma Azuka Udeh, T9223  
Chad Richard Edwards, T9224  
Deborah King McDonnell, T9225  
Andrew Robert McIntosh, T9226  
Nicholas Riordan Caporale, T9227  
Brian Lee Roberts, T9228  
Theresa A. Piscitelli, T9229  
Marcus Edwin Craig, III, T9230  
Amanda Mae Johnson, T9231  
Ting Zheng, T9232

Peter L. Tomkie, T9233  
Narsimha Reddy Kallem, T9234  
David Goenaga, T9235  
Scott Richard Crews, T9236  
Kristopher Michael Willis, T9237  
Debra Ginther Andrews, T9238  
Kellyn Rose Gombert, T9239  
Leslie Berry Steele, T9240  
Edmund Alexander Hawes, Jr., T9243  
Jonathan A. Shaw, Jr., T9244  
Michael David Crittenden, II, T9245

Philip Brian Fairchild, T9246  
Craig Harvey Donovan Field, T9247  
Taylor Wells Longacre, T9248  
Anne Marie McCarthy Voutsos, T9249  
Phyllis F. J. Yokley, T9250  
Elena Lotten, T9251

Johannes A. Dreyer, T9252  
Catherine Marie Rybarczyk, T9253  
Ellen Marie Williams, T9254  
James Matthew Day, T9255  
Michael Robert Elder, T9256  
Tyler Austin Whitsel Medley, T9257

**Reinstatements** - The Committee recommended that the Board approve the following:

Charles Wallace Archerd, #26371  
Laurel Whitney Atwater, #29684  
John Edward Broyles, II, #28085  
Needham Broughton Correll, III, #13641  
Daniel Ray Fowler, #28105  
Janice Martin Gearheart, #17710  
Deborah Garland Holland, #14803  
Kevin Ray Lee, #28317

Thomas Hamilton Lewis, VI, #31917  
Patricia Williams Lunsford, #17658  
Stephen Wood Martin, #27724  
Lauren D. Massie, #32465  
Gerilyn O'Dell Sheriff, #15007  
Jerry Michael Sledge, #14701  
Daniel Alexander Wendelborn, #36570

**Reissuance of New Certificate** - The Committee recommended that the Board approve the application for reissuance of new certificate submitted by Ted Reid Bryant, #8431.

**Reissuance of New Certificate and Consent Agreement** - The Committee recommended that the Board approve the application for reissuance of new certificate and consent agreement submitted by Stefan Nicholas Locklair, #35201).

**Firm Registrations** - The Committee recommended that the Board approve the following professional limited liability companies that were approved by the Executive Director:

Chesson & Lovell PLLC  
Crouse CPA, PLLC

Zachary T. Donahue, CPA PLLC

**Extension Requests** - The Committee recommended that the Board approve the following individuals for extension for completion of CPE until the dates noted:

Timothy L. Kennedy, #12877 - June 30, 2016  
John D. Nivens, #5168 - June 30, 2016

**Letters of Warning** - Staff recommended approval of the request to rescind the letter of warning awarded to the following individuals. The Committee recommended that the Board

Colleen Colgan, #34594  
Devon Jefferson, #37690

Wade Kruse, #30639  
Rachel Meinecke, #36734

Roger Spivey, #37582

Victoria Wilkinson, #38229

**Examinations** -The Committee recommended that the Board approve the following staff-approved applicants to sit for the Uniform CPA Examination:

Rhonda Abernathey  
James Addison  
Emily Agostinelli  
Michael Aiello  
Helen Albin  
Eric Albright  
Megan Aleshire  
Anthony Allen  
Brandon Allen  
Evan Andert  
Hollie Ardoin  
Matthew Ashman  
Nicholas Atz  
Brenna Aube  
Anna Auslander  
Alana Ayala  
Tracy Ayers  
Angela Bagley  
Ryan Bannister  
William Barnes  
David Barton  
De-Kia Battle  
Timothy Baynes  
Megan Benfield  
Carley Benoit  
Carrie Benton  
James Benz  
Abbie Bernard  
Robert Bett  
Tyler Betts  
Alexandra Billhardt  
Jarryd Blaetz  
Daniel Blevins  
Lynn Bodine  
Danielle Bogedin  
Natalie Bolick  
Lauren Bolusky  
Alice Bond

William Boney  
Kenya Borders  
Brigitte Borucki  
Jeffrey Boyan  
Stacie Brandhoefer  
Mary Brandt  
Phillip Braverman  
Cindy Broccolo  
Connecia Brown  
Kathryn Brown  
Randolph Brown  
Tiffany Brown  
Ashley Bryant  
Penny Buckner  
Cassie Bumgarner  
Darius Burden  
Stephanie Burgess  
Shawn Burkett  
Wendy Burnes  
Donald Button  
Sarah Cacciabaudo  
Andrew Cafarella  
Joshua Capps  
Elizabeth Carey  
Kimberly Carson  
Katrina Carter  
Mary Cates  
Cara Chabreck  
Ri Chan  
Rachel Chaney  
Rashida Chang  
Matthew Chapman  
Kathryn Chatman  
Rosario Chinchay  
Kimberly Clark  
Adam Clayton  
David Coggins  
Margaret Cole

Wesley Combs  
Ryan Conley  
Keleigh Coppenger  
Charles Cornett  
Michael Corrao  
Colin Craigie  
Cameron Crawford  
Courtney Crenshaw  
Maria Crisol  
Landon Crist  
Natalie Cuzmenco  
Willis Davenport  
Joni Davis  
Christianne De La Cruz  
Michelle Denning  
Patrick Dever  
Christopher Dickson  
Sarah Dietz  
Rachel Dillon  
Elizabeth Dimsdale  
Simona Dobson  
Jeremy Donabedian  
Stefan Dosa  
Dwayne Dowden  
Christina Drake  
Doina Duca  
William Dudley  
Stephen Duncan  
Logan Dziedzic  
Taylor Edge  
Holly Eisensmith  
Laura El-Baytam  
Jefferson Ellington  
Sydney Ellis  
Patrick Ellison  
Kasie Elmore  
Michael Falcone  
Xuezhi Feng  
Brittany Fields  
Brian Fioravante  
Morgan Foody  
Brennan Fox  
Giovanni Franco

Laura Frazier  
George Freeman  
Landry Frei  
Michael Funderburg  
Derek Gallelo  
William Gammons  
Lingyi Gao  
Wenyu Gao  
Ashleigh Gardner  
Victor Gardner  
Paige Garner  
Chad Gibbs  
Nicholas Gittin  
Kelly Gooderham  
Daniel Graham  
Maria Grant  
Logan Green  
Samantha Greenberg  
Thomas Greene  
Kyle Grella  
Cynthia Grose  
Rachel Grote  
Kregg Guestin  
Juan Guevara  
Kaitlyn Haake  
Suzanne Hahn  
Turner Haigwood  
Kathryn Hall  
William Hall  
Leslie Hamilton  
Taylor Hamilton  
Allison Harden  
Michael Hardy  
Mary Harper  
Andrew Harton  
Autumn Hartwick  
Brian Haun  
Kali Havner  
William Hawke  
Emma Hawkins  
Hannah Hayes  
Melanie Hayes  
Jinwon Hensley

Allison Hernandez  
Juan Hernandez  
Ryan Herring  
Taylor Heys  
Courtney Hickland  
Maura Hickson  
Monica Hilburn  
Elizabeth Hinson  
Amanda Holland  
David Holmes  
Jacob Hopkins  
Benjamin Horne  
Haley Horton  
Ryan Hoyle  
Travis Hudgins  
Bradley Hulker  
Andrew Hutchings  
Kenya Iloka  
John Iskander  
Kevin Israel  
Kimoi James  
Tanya Jenkins  
Lisa Johansen  
Allison Johnson  
Henry Johnson  
Laurell Jones  
Bryce Jordan  
Leonnie Odette Kangaji  
Gurpreet Kaur  
Kelly Kay  
Keith Keller  
Karitsa Kerns  
Collin King  
Natalie Kiser  
Matthew Knott  
Brittain Knowles  
Joseph Koon  
Rachel Kraus  
Jeremy Kryn  
Sherry Lafon  
Andrea Lambert  
Katherine Lang  
Matthew Leary

Edwin Lee  
Keila Leverette  
Qing Qing Li  
Zhekang Li  
Ernest Lookabill  
Jacob Loyst  
Keisha Lyons  
Thomas MacInnes  
Ryan Mack  
Brendan Madigan  
Allison Malone  
Kathryn Manning  
Dennis Marunko  
Susanne Matthews  
Nathaniel May  
Karen McCall  
Andrea McCullagh  
Ashley McCullough  
Henry McDonald  
Kirsten McKenna  
Cody McKinney  
Kristen McLamb  
David McNamara  
Tiffany McPherson  
William Meador  
Daniel Michael  
Allison Michaud  
Jeremy Mikell  
Jeremy Miller  
Michael Miller  
Victoria Mintz  
Robert Montgomery  
Alexander Moore  
Zulema Moreno  
Luke Morris  
Joseph Morrow  
Tiana Murchison  
Rosemary Murphey  
Baseemah Nance  
Scott Nashland  
Avala Nealy  
Rachel Needham  
Caleb Newcomb

Dustin Newton  
Jasmyn Nicholas  
Sarah Nicholls  
Nkemjika Nwosu  
Laura O'Brien  
Temple Ofikulu  
Edith Onabanjo  
Kristle Osteen  
Alynn Parker  
Taylor Parks  
Mark Parsells  
Hamel Patel  
Kenan Patel  
Nilisha Patel  
John Patronis  
Demetrice Patterson  
Reed Payne  
Philip Pearce  
Edward Pejeau  
Joshua Peng  
Libuse Perego  
Kristie Ploetzke  
Irina Poroshina  
James Post  
Jimmy Prassas  
William Prevo  
Kristi Propst  
Antoinette Proto  
Joshua Puryear  
Theresa Rabbass  
Natalie Reed  
Joseph Reid  
Brian Reynolds  
Theresa Richards  
Stefanee Richardson  
Jazmin Rios  
Connor Ritchey  
Ellen Rockfeller  
Timothy Rodgers  
Natasha Roman  
Elizabeth Ross  
Autumn Rubio  
Valerie Rushing

Craig Rutledge  
Drew Saia  
Mariana Samanez  
Morgan Samuelsen  
Cynthia Sandoval  
Richard Sater  
William Sechrist  
Francesca Segrest  
Shay Sellati  
Elizabeth Senczy  
Payal Shah  
Anthony Shank  
Erin Shepard  
Amber Shively  
Myranda Sieverding  
Kimberly Silver  
Raven Simon  
Richard Sincerbeaux  
Emily Sisk  
Katherine Skinner  
Lanita Slaughter  
Meredith Sloboda  
Dylan Smith  
Henrik Smith  
John Smith  
William Smith  
Chase Sommer  
Eric Sommermann  
Anna Sossaman  
Aaron Sparrow  
Tonya Speir  
Tyshawn Spence  
Stephen Spivey  
Casey Stallard  
Priscilla Staten  
Carson Steen  
Elias Stergiou  
Nicholas Steward  
Samantha Stoddard  
Gregory Stone  
Jacob Stout  
Andrew Sudran  
Sabrina Summers

Vevian Sun  
Kelly Sweeney  
Megan Switick  
Kayla Sykes  
Lindsay Tabbi  
Willie Tate  
Jordan Taunton  
Tyler Tew  
Lucson Thomas  
William Thompson  
Deana Thorps  
Kavonda Thrasher  
Melinda Tillman  
Lindsay Tippet  
Sherry Truax  
Ashlyn Tuttle  
Cody Underwood  
Carlos Valencia  
Kenneth VanSparrentak  
Ashley Verhein  
Derek Vogt  
Eric Vozzo  
Richard Wagner  
Daniel Wallace  
Patrick Walsh  
Stephanie Walsh  
Elizabeth Warren  
Cooper Wasil  
Joshua Waters  
James Wax  
Delores Weaver

Shelby Webb  
William Webb  
BreAnn Weeda  
Patricia Weekley  
Rachael Weir  
Harrison Welch  
Rachelle Westbrook  
Andrew White  
Jeffrey London White  
Kristin White  
Patrick White  
Chelsea Wiggins  
Justin Wike  
Alicja Wilk  
Taylor Wilk  
Kristin Wilkerson  
Joshua Williams  
Katherine Williams  
Richard Wilson  
George Wise  
Michael Wolfe  
Sybil Wood  
Darya Yakauleva  
John Yancey  
Polina Yarborough  
Jonathan Yavorsky  
Samuel Young  
William Young  
Alyssa Zeman  
Liudmila Zill

Staff recommended that the Committee determine and accept the grades received for the January - February 2016 exams. Twenty-five files with grade reports were haphazardly selected and available at the meeting for review by a Board member. The Committee recommended that the Board approve staff recommendation.

**Rescind Form of Practice Statement** -Karen T. Deierhoi, CPA #17221, signed a Form of Practice Statement due to her employment. However, due to recent rule changes, staff recommended that the statement be rescinded. The Committee recommended that the Board approve staff recommendation.

**CLOSED SESSION:** Messrs. Cook and Biggs moved to enter Closed Session to discuss legal matters with Legal Counsel. Motion passed.

**PUBLIC SESSION:** Messrs. Cook and Biggs moved to re-enter Public Session. Motion passed.

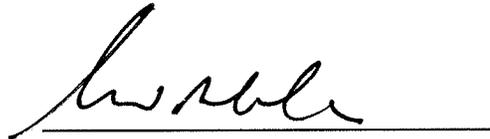
**ADJOURNMENT:** Ms. Brown and Mr. Biggs moved to adjourn the meeting at 1:41 p.m. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks  
Executive Director



Michael H. Womble, CPA  
President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012391

IN THE MATTER OF:  
Albert M. Edwards, Jr., #14855  
Respondent

BOARD ORDER

THIS CAUSE coming before the North Carolina State Board of Certified Public Accountant Examiners (the "Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at public hearing ("Hearing"), with a quorum present, the Board finds, based on the evidence presented at the Hearing on July 25, 2016, that:

1. Albert M. Edwards, Jr. (hereinafter "Respondent"), is the holder of North Carolina certificate number 14855 as a Certified Public Accountant.
2. The Board has jurisdiction over the Respondent and the subject matter of this action.
3. The Respondent received at least fifteen (15) days written notice of the Hearing. The notice was achieved by serving a Notice of Hearing by personal service, certified mail, or other method of delivery authorized by N. C. Gen. Stat. § 150B-38(c).
4. Venue is proper and the Hearing was properly held at 1101 Oberlin Road, Raleigh, North Carolina.
5. The Respondent did not object to any Board Member's participation in the Hearing of this matter.
6. The Respondent was present at the Hearing and was not represented by counsel.
7. The Board received a complaint from the North Carolina Real Estate Commission regarding services provided by the Respondent to a client.

8. After a preliminary investigation, the Board staff referred the matter to the North Carolina Department of Revenue ("DOR").
9. That referral ultimately led to the Respondent pleading guilty to five (5) misdemeanor counts of willfully failing to supply tax information and five (5) misdemeanor counts of willfully failing to pay North Carolina income tax.
10. On December 17, 2015, the Respondent's guilty plea was accepted by a Superior Court Judge in Wake County Superior Court, and a Judgment was entered against the Respondent.

#### CONCLUSIONS OF LAW

1. Per N. C. Gen. Stat. § 150B-42, this Board Order constitutes a Final Agency Decision of the Board.
2. The Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code. Pursuant to N. C. Gen. Stat. § 93-12(9), the Board has the authority to impose discipline upon the Respondent and the Respondent's certificate and to impose civil monetary penalties.
3. The Respondent's guilty pleas to willfully failing to supply tax information in violation of N.C. Gen. Stat. § 105-236(A)(9) constitute convictions of crimes.
4. The Respondent's guilty pleas to willfully failing to supply tax information constitute admissions of a knowing violation of the North Carolina tax laws and regulations. Therefore, the Respondent is subject to discipline pursuant to 21 NCAC 08N .0207.
5. The Respondent's guilty pleas to willfully failing to pay tax constitute a knowing violation of the North Carolina tax laws and regulations. Therefore, the Respondent is subject to discipline pursuant to 21 NCAC 08N .0207.
6. The Respondent's guilty pleas to willfully failing to supply tax information and willfully failing to pay tax constitute failures to uphold the dignity and honor of the accounting profession and maintain high standards of personal conduct. Therefore, the Respondent is subject to discipline pursuant to 21 NCAC 08N .0201.
7. The Respondent's guilty pleas to willfully failing to supply tax information and willfully failing to pay tax constitute acts discreditable to the accounting

profession. Therefore, the Respondent is subject to discipline pursuant to 21 NCAC 08N .0203.

that: BASED ON THE FOREGOING, the Board orders in a vote of 7 to 0

1. The Certified Public Accountant certificate issued to the Respondent, Albert M. Edwards, Jr., is hereby permanently revoked.
2. The Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this State either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall the Respondent claim or attempt to use any practice privileges in any other state based upon his permanently revoked North Carolina certificate.

This the 25<sup>th</sup> day of July, 2016.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: *Albert M. Edwards, Jr.*  
President

NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014



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**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**

**Board Members**

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**BOARD MEMBERS**

Bucky Glover, CPA, President

Michael H. Womble, CPA, Vice-President

Wm. Hunter Cook, CPA, Secretary-Treasurer

Murchison B. ("Bo") Biggs, CPA

George W. Rohe, CPA

Jeffrey J. Truitt, Esquire

Tawannah G. Allen, Ed.D.

**ADMINISTRATIVE STAFF**

Robert N. Brooks, Executive Director

David R. Nance, CPA, Deputy Director

Frank X. Trainor, Esquire, Staff Attorney

**OUTSIDE LEGAL COUNSEL**

Allen, Pinnix & Nichols, P.A.

Noel L. Allen, Esquire

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
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**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Management's Discussion and Analysis**

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**Introduction**

The following discussion and analysis provides an overview to assist the reader in interpreting and understanding the accompanying basic financial statements. This overview includes a comparative financial analysis with discussion of significant changes from the prior year, as well as a discussion of currently known facts, decisions, and conditions. This information is provided by the North Carolina State Board of Certified Public Accountant Examiners' (Board) management in conjunction with the issuance of the accompanying financial statements.

**Overview of the Basic Financial Statements**

The Statements of Net Position provide information relative to the Board's assets, liabilities, and the resulting net position as of the last day of the fiscal year. Assets and liabilities on these statements are categorized as either current or noncurrent. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. The Board currently has no elements that meet the definition of deferred inflows or deferred outflows. Net position on these statements is categorized as either invested in capital assets or unrestricted. Overall, the Statements of Net Position provide information relative to the financial strength of the Board and its ability to meet current and long-term obligations.

The Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the results of the Board's operations, non-operating activities, and other activities affecting net position that occurred during the fiscal year. Operating activities include the licensure and examination activities for the public practice of accountancy in the State. Non-operating activities include primarily investment income and office rental activities for a portion of the Board-owned building. Overall, the Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the Board's management of its operations and its ability to maintain its financial strength. The above statements are articulated by agreeing the ending net position reported on both statements.

The Statements of Cash Flows provide information relative to the Board's sources and uses of cash funds for operating activities, capital financing activities, and investing activities. These statements provide a reconciliation of beginning cash balances to ending cash balances and is representative of activity reported on the Statements of Revenues, Expenses, and Changes in Net Position as adjusted for changes in beginning and ending balances of noncash accounts on the Statements of Net Position.

The three statements described above are the basic financial statements required by the Governmental Accounting Standards Board (GASB) accounting principles. In accordance with GASB, the financial statements are presented on the Board as a whole and use reporting concepts in a manner similar to that required of a business enterprise. The financial statement balances reported are presented in a classified format to aid the reader in understanding the nature of the financial statement balances.

In using the basic financial statements, the Notes to the Financial Statements accompanying the basic financial statements should be read in conjunction with the basic financial statements. The Notes to the Financial Statements provide information relative to the significant accounting principles applied in the basic financial statements, authority for and associated risk of deposits and investments, detailed information on capital assets and noncurrent liabilities, revenues and expenses, required information on pension plans, insurance against losses, commitments and contingencies, accounting changes, and if necessary a discussion of adjustments to prior periods and events subsequent to the Board's financial statement period. Overall, the Notes to the Basic Financial Statements provide information to better understand details, risk, and uncertainty associated with amounts reported in the basic financial statements.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
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**Management's Discussion and Analysis**

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**Brief Agency Highlights**

The Board is an occupational licensing board that grants certificates of qualification as certified public accountants (CPAs) to those individuals who meet the statutory requirements. The Board also adopts and enforces the Rules of Professional Ethics and Conduct to be observed by CPAs in this State. Other functions of the Board include registration of CPA firms; renewal of CPA certificates and CPA firm registrations; administration of the Uniform CPA Examination; disposition of administrative hearings with respect to State statutes and rules; and administration of other provisions of Chapter 93 of the *North Carolina General Statutes*.

**Analysis of Financial Position and Results of Operations**

The Board's net position as of March 31, 2015 and March 31, 2014, was approximately \$2.54 million and \$2.43 million, respectively, an increase of approximately \$105,000 during the year. *(With the exception of the dollar and percentage amounts detailed in the following tables, all other dollar amounts have been rounded/approximated for presentation purposes.)*

**Condensed Financial Information**

The following table summarizes the North Carolina State Board of Certified Public Accountant Examiners' assets, liabilities and net position as of March 31, 2015, 2014 and 2013.

	Condensed Statements of Net Position					
	2015	2014	% Change	2014	2013	% Change
<b>Assets:</b>						
Current assets	\$ 1,719,498	\$1,968,146	-12.63%	\$1,968,146	\$1,267,240	55.31%
Noncurrent assets	492,729	-	100.00%	-	638,235	-100.00%
Capital assets, net	911,009	954,524	-4.56%	954,524	980,772	0.00%
Total assets	<u>3,123,236</u>	<u>2,922,670</u>	<u>6.86%</u>	<u>2,922,670</u>	<u>2,886,247</u>	<u>-44.69%</u>
<b>Liabilities:</b>						
Current liabilities	514,283	420,011	22.45%	420,011	502,393	-16.40%
Noncurrent liabilities	73,432	72,149	1.78%	72,149	64,208	12.37%
Total liabilities	<u>587,715</u>	<u>492,160</u>	<u>19.42%</u>	<u>492,160</u>	<u>566,601</u>	<u>-13.14%</u>
<b>Net Position:</b>						
Invested in capital assets	911,009	954,524	-4.56%	954,524	980,772	-2.68%
Unrestricted	1,624,512	1,475,986	10.06%	1,475,986	1,338,874	10.24%
Total net position	<u>\$ 2,535,521</u>	<u>\$2,430,510</u>	<u>4.32%</u>	<u>\$2,430,510</u>	<u>\$2,319,646</u>	<u>4.78%</u>

**Current Assets**

Current assets as of March 31, 2015, consisted primarily of cash of \$517,000, investments of \$1,196,000, and receivables of \$6,000. Current assets as of March 31, 2014, consisted primarily of cash of \$664,000, investments of \$1,302,000, and receivables of \$2,000.

Current assets decreased during the fiscal year March 31, 2015, due to the decrease in cash and short-term certificates of deposit as the Board invested more funds in certificates of deposit that mature beyond the one-year period for classification as current assets.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Management's Discussion and Analysis**

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**Noncurrent Assets and Capital**

Noncurrent assets as of March 31, 2015, consisted of investments, \$493,000, and capital assets totaling \$911,000. Noncurrent assets as of March 31, 2014, consisted of capital assets totaling \$955,000.

Noncurrent assets increased during the fiscal year March 31, 2015 due to the Board's investment in certificates of deposit with maturity periods greater than one year totaling \$493,000 as well as the expected depreciation expense related to capital assets.

**Liabilities**

Current liabilities as of March 31, 2015, consisted primarily of accounts payable of \$38,000, due to examination vendors of \$445,000, unearned revenue of \$27,000, and accrued compensated absences of \$5,000. Current liabilities as of March 31, 2014, consisted primarily of accounts payable of \$31,000, due to examination vendors of \$382,000, and accrued compensated absences of \$6,000. The net increase in current liabilities is primarily due to a \$63,000 increase in the amount due to examination vendors related to a greater number of candidates sitting for the exam and a \$27,000 increase in unearned revenue as a greater number of licensees renewed their license prior to the beginning of the new fiscal year.

Noncurrent liabilities consisted entirely of accrued compensated absences in the amount of \$73,000 and \$72,000 as of March 31, 2015 and 2014, respectively. The amount increased during the current year to properly reflect the above amount to be paid.

**Net Position**

The Board's net position consists of net assets invested in capital assets and unrestricted net assets. Net assets invested in capital assets were \$911,000 and \$955,000 as of March 31, 2015 and 2014, respectively. Unrestricted net assets of \$1.62 and \$1.48 million as of March 31, 2015 and 2014, respectively, represent amounts not subject to externally imposed stipulations, but subject to internal designations for various activities and initiatives.

For the year ended March 31, 2015, the increase in net position of approximately \$105,000 is primarily attributable to increased revenue from candidates taking the Uniform CPA exam.

The Statements of Revenues, Expenses, and Changes in Net Position present the results of the Board's operations for the report period. The following table summarizes the Board's revenues, expenses, and changes in net position for the years ended March 31, 2015, 2014 and 2013.

Condensed Statements of Revenues, Expenses, and Changes in Net Position						
For the Fiscal Years Ended March 31,						
	2015	2014	% Change	2014	2013	% Change
Operating revenues:						
Exam fees	\$ 1,435,724	\$ 1,292,925	11.04%	\$ 1,292,925	\$ 1,435,721	-9.95%
Certificate fees	1,360,270	1,331,320	2.17%	1,331,320	1,295,485	2.77%
Miscellaneous	12,348	9,248	33.52%	9,248	10,589	-12.66%
Operating expenses	(2,733,238)	(2,557,971)	6.85%	(2,557,971)	(2,741,057)	-6.68%
Operating income	75,104	75,522	-0.55%	75,522	738	10133.33%

*(Table continued on next page.)*

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Management's Discussion and Analysis**

(Table continued from previous page.)

Condensed Statements of Revenues, Expenses, and Changes in Net Position						
For the Fiscal Years Ended March 31,						
	2015	2014	% Change	2014	2013	% Change
Non-operating revenues	\$ 47,673	\$ 50,728	-6.02%	\$ 50,728	\$ 55,279	-8.23%
Non-operating expenses	(17,766)	(15,386)	15.47%	(15,386)	(17,623)	-12.69%
	29,907	35,342	-15.38%	35,342	37,656	-6.15%
Increase in net position	105,011	110,864	-5.28%	110,864	38,394	188.75%
Net position beginning of year	2,430,510	2,319,646	4.78%	2,319,646	2,281,252	1.68%
Net position end of year	\$ 2,535,521	\$ 2,430,510	4.32%	\$ 2,430,510	\$ 2,319,646	4.78%

**Operating Revenues**

For the fiscal year ended March 31, 2015, operating revenues totaled \$2.81 million, consisting primarily of exam fee revenue of \$1.44 million and licensing fee revenues of \$1.36 million. For the fiscal year ended March 31, 2014, operating revenues totaled \$2.63 million, consisting primarily of exam fee revenue of \$1.29 million and licensing fee revenues of \$1.33 million.

**Non-Operating Revenues**

For the fiscal year ended March 31, 2015, non-operating revenues totaled \$48,000, primarily from interest income of \$15,000 and rental income of \$32,000. For the fiscal year ended March 31, 2014, non-operating revenues totaled \$51,000, primarily from interest income of \$19,000 and rental income of \$31,000. The significant change in non-operating revenue activity is related to a decrease in interest earnings due to expiring certificates of deposit and their renewals at a lower interest rate.

The following table summarizes the Board's expenses (operating and non-operating) for the reporting periods.

Operating and Non-Operating Expenses						
For the Fiscal Years Ended March 31,						
	2015	2014	% Change	2014	2013	% Change
Operating expenses:						
Salaries and employee benefits	\$ 1,202,336	\$ 1,189,002	1.12%	\$ 1,189,002	\$ 1,211,822	-1.88%
Examination	977,226	857,776	13.93%	857,776	979,094	-12.39%
Office expenses	401,927	390,646	2.89%	390,646	383,013	1.99%
Depreciation	44,430	50,424	-11.89%	50,424	56,874	-11.34%
Other expenses	107,319	70,123	53.04%	70,123	110,254	-36.40%
Total operating expenses	\$ 2,733,238	\$ 2,557,971	6.85%	\$ 2,557,971	\$ 2,741,057	-6.68%
Non-operating expenses	\$ 17,766	\$ 15,386	15.47%	\$ 15,386	\$ 17,623	-12.69%

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Management's Discussion and Analysis**

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For the fiscal year ended March 31, 2015, salary and employee benefits expenses increased by \$13,000 due to cost-of-living increases. Examination costs increased by \$119,000 as a greater number of candidates sat for the exam during the year. Office expenses increased due to rising costs related to the printing and mailing of the monthly newsletter as well as higher hearing and legal costs related to Board actions taken during the year. Depreciation expense decreased as assets are expensed in accordance with their useful lives. Other costs increased as the Board awarded \$8,000 more in scholarships during the year and incurred additional building costs of \$8,000, related to repairs and maintenance on the roof.

**Economic Factors That Will Affect the Future**

The main factors impacting the economic outlook for the Board are the number of candidates seeking to sit for the Uniform Certified Public Accountants examination and the number of licensees registered with the State.

The Board derives 98% of its revenues from examination and licensing fees. Exam revenues increased this past year after declining slightly over the previous two years. The Board anticipates an equal or slightly higher number of examination sections to be taken by examination candidates for the next fiscal year. Licensing fees have shown a minor increase as the number of active licensees in North Carolina has increased; however, some of that increase is tempered by retirements and licensees being granted inactive status. The Certified Public Accountant credential is highly regarded in the business world and the Board expects candidates to continue to seek licensure for the foreseeable future.

**Contacting the Board's Management**

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact:

North Carolina State Board of Certified Public Accountant Examiners  
Post Office Box 12827  
Raleigh, North Carolina 27605-2827

## **Independent Auditor's Report**

Members of the Board  
North Carolina State Board of Certified Public Accountant Examiners  
Raleigh, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the North Carolina State Board of Certified Public Accountant Examiners (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statements of net position as of March 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina State Board of Certified Public Accountant Examiners as of March 31, 2015 and 2014, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter*

As discussed in Note 1, these financial statements are presented only for the North Carolina State Board of Certified Public Accountant Examiners and do not purport to and do not present fairly the financial position of the State of North Carolina as of March 31, 2015 and 2014, nor the changes in its financial position and its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 1 – 5, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of budget and actual - revenues, expenses, and changes in net position, on page 20, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
July 20, 2015

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
Statements of Net Position  
March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 517,150	\$ 664,224
Short-term investments	1,195,970	1,301,686
Accounts receivable	6,378	1,000
Deferred lease commission	-	1,236
Total current assets	<u>1,719,498</u>	<u>1,968,146</u>
Noncurrent assets:		
Investments	492,729	-
Capital assets, non-depreciable (Note 5)	300,000	300,000
Capital assets, depreciable, net (Note 5)	611,009	654,524
Total noncurrent assets	<u>1,403,738</u>	<u>954,524</u>
Total assets	<u>3,123,236</u>	<u>2,922,670</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	37,927	30,881
Unearned revenue	26,700	540
Due to examination vendors	445,085	382,145
Compensated absences - current portion	4,571	6,445
Total current liabilities	<u>514,283</u>	<u>420,011</u>
Noncurrent liabilities:		
Compensated absences (Note 4)	73,432	72,149
Total noncurrent liabilities	<u>73,432</u>	<u>72,149</u>
Total liabilities	<u>587,715</u>	<u>492,160</u>
<b>NET POSITION:</b>		
Net investment in capital assets	911,009	954,524
Unrestricted	1,624,512	1,475,986
Total net position	<u>\$ 2,535,521</u>	<u>\$ 2,430,510</u>

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended March 31, 2015 and 2014**

	2015	2014
Operating revenues:		
Examination fees	\$ 1,435,724	\$ 1,292,925
Licensing fees	1,360,270	1,331,320
Miscellaneous	12,348	9,248
Total operating revenues	2,808,342	2,633,493
Operating expenses:		
Salaries and employee benefits	1,202,336	1,189,002
Examination	977,226	857,776
Office expenses	96,534	102,333
Postage and printing	159,546	147,557
Travel	96,369	83,782
Maintenance and computer support	49,478	56,974
Depreciation	44,430	50,424
Legal and investigative costs	36,511	18,745
Insurance	17,760	18,652
Dues and subscriptions	12,511	9,188
Scholarships	12,000	4,000
Building	28,537	19,538
Total operating expenses	2,733,238	2,557,971
Operating income	75,104	75,522
Non-operating revenues (expenses):		
Interest income	15,477	19,234
Rental income	32,146	31,209
Rental building expenses	(17,766)	(15,386)
Gain on the sale of equipment	50	285
Total non-operating revenues	29,907	35,342
Changes in net position	105,011	110,864
Net position - beginning of year	2,430,510	2,319,646
Net position - end of year	\$ 2,535,521	\$ 2,430,510

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Statements of Cash Flows  
Years Ended March 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from fees	\$ 2,822,154	\$ 2,624,245
Cash received from other amounts	1,706	1,548
Cash payments to employees for services	(1,195,827)	(1,200,052)
Cash payments to suppliers for goods and services	(1,272,582)	(1,252,960)
Cash payments for other expenses	(138,640)	(115,802)
Net cash provided by operating activities	<u>216,811</u>	<u>56,979</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(14,078)	(30,239)
Proceeds from the sale of capital assets	50	285
Net cash used in capital and related financing activities	<u>(14,028)</u>	<u>(29,954)</u>
Cash flows from investing activities:		
Proceeds from maturing investments	1,300,674	1,018,674
Purchases of investments	(1,687,687)	(664,664)
Non-operating rental activities	21,679	23,740
Interest income	15,477	19,234
Net cash provided by (used in) investing activities	<u>(349,857)</u>	<u>396,984</u>
Increase (decrease) in cash	(147,074)	424,009
Cash - beginning of year	<u>664,224</u>	<u>240,215</u>
Cash - end of year	<u>\$ 517,150</u>	<u>\$ 664,224</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 75,104	\$ 75,522
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	44,430	50,424
Loss on disposal of vehicle (Note 5)	7,100	-
Changes in assets and liabilities:		
Accounts receivable	(5,378)	5,474
Accounts payable	7,046	5,283
Unearned revenue	26,160	(180)
Due to examination vendors	62,940	(68,494)
Accrued vacation	(591)	(11,050)
Total adjustments	<u>141,707</u>	<u>(18,543)</u>
Net cash provided by operating activities	<u>\$ 216,811</u>	<u>\$ 56,979</u>

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

**Organization and Purpose**

The North Carolina State Board of Certified Public Accountant Examiners (Board) is an independent State agency. It is an occupational licensing board authorized by Chapters 93 and 93B of the *North Carolina General Statutes*. The Board is composed of seven members: five persons who are holders of valid and unrevoked certified public accountant certificates issued under the provisions of Chapter 93, and two persons who are not certified public accountants and represent the public at large.

The Board's primary responsibilities are to administer the Uniform CPA Examination, to grant certificates of qualification as certified public accountants to qualified persons, to register certified public accounting firms, adopt and enforce the Rules of Professional Ethics and Conduct to be observed by CPAs in this State, and to enforce all statutes and rules of *North Carolina General Statutes* Chapter 93 and the *North Carolina Administrative Code*, Title 21, Chapter 08.

The Board had 20,238 and 19,784 licensees as of March 31, 2015 and 2014, respectively.

**Financial Reporting Entity**

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's *Comprehensive Annual Financial Report* (CAFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

**Basis of Presentation**

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board (GASB).

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Basis of Accounting**

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic measurement focus measures all assets that are available to the entity, not only cash or soon to be cash assets. Both long-term assets and long-term liabilities are measured, and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows. Fees received for the various licenses are deemed earned when the license period begins on July 1st.

The Board classifies its revenues as operating or non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Board's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of examination and license fees. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

Non-operating revenues and expenses consist primarily of rental and investing type activities. Building expenses are allocated to operating or non-operating activities based on square footage.

**Cash**

This classification includes cash on deposit and money market accounts with private bank accounts.

**Investments**

This classification includes non-negotiable certificates of deposit with original maturities of more than three months. Certificates of deposit maturing within one year are shown as current. The certificates of deposit are reported at fair market value, which is cost plus accrued interest to date.

**Receivables**

Receivables consist of amounts due from administrative proceedings and are shown at book value with no provision for doubtful accounts considered necessary.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Board capitalizes assets that have a value or cost of \$500 or greater at the date of acquisition and an expected useful life of in excess of two years.

Building and improvements	10 - 40 years
Furniture	7 - 10 years
Equipment	5 - 10 years
Software	5 years
Vehicles	5 years

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Capital Assets (Continued)**

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the financial records. Any gain or loss on disposition is reflected in non-operating revenue or expense for the year.

The Board occupies 75% of its building while leasing the other 25% of the building, which is accounted for as a non-operating activity.

**Noncurrent Liabilities**

Noncurrent liabilities consist of compensated absences that will not be paid within the next fiscal year.

**Compensated Absences**

Employees are permitted to accumulate earned but unused vacation pay benefits and all vacation pay is accrued when incurred. When determining the vacation pay liability due within one year, leave is considered taken on a last in, first out (LIFO) basis. The Board's policy provides for a maximum accumulation of unused vacation leave of 30 days for staff members and 45 days for the Executive and Deputy Directors which can be carried forward each April 1st, or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days as of March 31 is converted to sick leave.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. There is no liability for unpaid accumulated sick leave because the Board has no obligation to pay sick leave upon employee termination or retirement.

**Net Position**

*Investment in capital assets* - This represents the Board's total investment in capital assets, net of accumulated depreciation.

*Unrestricted net position* - This represents assets with no external restriction as to use or purpose. They can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes.

The following designations of net assets represent management's estimates that are subject to change based on perceived operating conditions and situations.

Litigation	\$ 750,000
Operating expenses	300,000
Capital asset acquisitions and/or improvements	100,000
	<u>\$1,150,000</u>

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

NOTE 2 - DEPOSITS AND INVESTMENTS

All funds of the Board are deposited in board-designated official depositories or brokerage firms. The Board's deposits include cash on deposit with private bank accounts, money market accounts, and certificates of deposit. At March 31, 2015, deposits in private financial institutions, with a carrying value of \$2,205,849 and a bank balance of \$2,223,101, consists of cash and investments, as shown on the Statements of Net Position. Included in the deposits in private financial institutions are certificates of deposit in the amount of \$1,688,699 reported as investments in the Statements of Net Position.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. The Board's deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Board's bank deposits in excess of the FDIC insured limit totaled \$141,148 at March 31, 2015.

There are no legal limitations on the types of investments by the Board. The Board has adopted formal investment policies to establish investment objectives, standards of prudence, eligible investments, and safekeeping and custodial procedures necessary for the prudent management of the private funds maintained by the Board.

The Board is subject to the following risks:

*Interest Rate Risk:* Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. In accordance with its investment policy, the Board manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. For its major investment type, certificates of deposit, maturities may not exceed 24 months.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board manages credit risk by diversifying its investment portfolio. Investments are limited to:

- Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States
- Obligations of the State of North Carolina
- Time deposits, certificates of deposit, and savings accounts in financial institutions with a physical presence in North Carolina
- Corporate bonds of North Carolina-based industries

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The following table presents the fair value of investments by type and investments subject to interest rate risk and credit risk at March 31, 2015, for the Board's investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Properties of Debt Securities</u>	
		<u>Weighted Average Maturities</u>	<u>Ratings</u>
Other securities:			
Certificates of deposit	<u>\$1,688,699</u>	9.2 Months	N/A

Certificates of deposit reported as investments are also a component of the deposit totals reported in the deposits section of this note.

A reconciliation of deposits and investments for the Board to the basic financial statements at March 31, 2015, is as follows:

Carrying amount of deposits with private financial institutions	\$ 127,224
Money market mutual funds	389,926
Investments in certificates of deposit	<u>1,688,699</u>
Total deposits and investments	<u>\$2,205,849</u>
Current:	
Cash	\$ 517,150
Short-term investments	1,195,970
Noncurrent:	
Investments	<u>492,729</u>
Total deposits and investments	<u>\$2,205,849</u>

NOTE 3 - UNEARNED REVENUE

The Board defers revenue recognition in connection with resources that have been received, but not yet earned. Certificate renewal fees are collected in advance and recorded as unearned revenue at year-end to be recognized as revenue when the license period begins in the next fiscal year. Unearned revenue reported was \$26,700 and \$540 for the periods ended March 31, 2015 and 2014, respectively.

NOTE 4 - NONCURRENT LIABILITIES

A summary of changes in non-current liabilities for the year ended March 31, 2015, is presented as follows:

	<u>Balance April 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2015</u>	<u>Current Portion</u>
Compensated absences	<u>\$ 78,594</u>	<u>\$ 80,789</u>	<u>\$ 81,380</u>	<u>\$ 78,003</u>	<u>\$ 4,571</u>

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS  
Notes to Financial Statements**

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**NOTE 5 - CAPITAL ASSETS**

Changes in capital assets as of and for the year ended March 31, 2015 are as follows:

	Balance April 1, 2014	Additions	Deletions	Balance March 31, 2015
Capital assets, non-depreciable:				
Land and improvements	\$ 300,000	\$ -	\$ -	\$ 300,000
Capital assets, depreciable:				
Building	926,384	5,400	-	931,784
Furniture	113,918	-	-	113,918
Equipment	189,683	8,678	(5,898)	192,463
Software	180,337	-	-	180,337
Vehicles	26,622	-	(26,622)	-
Total capital assets, depreciable	<u>1,436,944</u>	<u>14,078</u>	<u>(32,520)</u>	<u>1,418,502</u>
Less accumulated depreciation:				
Building	(340,479)	(24,957)	-	(365,436)
Furniture	(113,335)	(320)	-	(113,655)
Equipment	(136,797)	(17,693)	5,898	(148,592)
Software	(176,724)	(3,086)	-	(179,810)
Vehicles	(15,085)	(4,437)	19,522	-
	<u>(782,420)</u>	<u>(50,493)</u>	<u>25,420</u>	<u>(807,493)</u>
Total capital assets, depreciable, net	<u>654,524</u>	<u>(36,415)</u>	<u>(7,100)</u>	<u>611,009</u>
Capital assets, net	<u>\$ 954,524</u>	<u>\$ (36,415)</u>	<u>\$ (7,100)</u>	<u>\$ 911,009</u>

Depreciation charged to operations and non-operations was \$44,430 and \$6,063, respectively.

During the year, the ownership of the Board's company vehicle was transferred to the Executive Director and the net book value of \$7,100 was recorded as payroll expense in the accompanying Statement of Revenues, Expenses and Changes in net position and treated as compensation to the Executive Director.

**NOTE 6 - EMPLOYEE PENSION PLAN**

The Board participates in the North Carolina Licensing Board Retirement Savings Plan (Plan), which is a defined contribution plan created under Internal Revenue Code Section 401(k) for eligible employees. The Employer, defined as the eight participating licensing boards, is empowered to appoint and remove the Trustee and Administrator. The Plan is administered by Prudential Insurance Company of America.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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NOTE 6 - EMPLOYEE PENSION PLAN (Continued)

Employees are eligible to participate in the Plan immediately upon employment. For each year of service, employer contributions and the applicable earnings vest 20% per year. A 6% contribution, based on eligible employee compensation, is made monthly by both the Board and the employee to the individual employee accounts. Employees are permitted to make additional voluntary contributions to the Plan up to the applicable Internal Revenue Code limits. Employee contributions and the applicable earnings on those contributions vest immediately. Nonvested Board contributions and the applicable earnings are forfeited upon termination from employment to the applicable participating licensing board. Administrative expenses are paid by the participating licensing boards in accordance to the boards' percentage of the total plan assets.

Board pension costs including administrative fees, totaled \$56,006 and \$55,985 for fiscal years 2015 and 2014, respectively. Employee contributions totaled \$86,183 and \$103,189 for fiscal years 2015 and 2014, respectively. The Board had no forfeitures in fiscal years 2015 or 2014.

NOTE 7 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are managed using a combination of methods, including purchase of commercial insurance and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**Public Officers and Employees Liability Insurance** - Tort claims against Board members of up to \$1,000,000 are retained by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board through the purchase of excess public officers' and employees' liability insurance with a private insurance company.

**Fire, Automobile, and Other Loss Insurance** - Fire, coverage for other property losses, and vehicular liability insurance are covered by contracts with a private insurance company.

**Cyber Risk Insurance** - The Board is protected for losses due to risks associated with e-business, the Internet, networks and informational assets with a private insurance company.

**Employee and Computer Fraud** - The Board is protected for losses from employee dishonesty and computer fraud with a private insurance company.

**Comprehensive Major Medical Plan** - Employees are provided health care coverage by Blue Cross Blue Shield of North Carolina. The Plan is funded by employer and employee contributions.

The Board makes the necessary arrangements to carry out the provisions of the Workers' Compensation Act by purchasing workers' compensation insurance for employees through a private insurance company.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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**NOTE 8 - LEASE REVENUE - NONOPERATING**

In December 2011, the Board entered into a three-year agreement to lease office space to The Family Resource Center of Raleigh, Inc. The lease agreement called for monthly payments of \$2,500 to be paid for the first year with a three percent annual increase in monthly payment amounts. The Board also incurred \$5,564 for a lease commission that is recognized as an expense over the term of the lease. The lease was renewed for 12 months beginning on December 1, 2014, payable in equal monthly installments of \$2,732. Future minimum lease payments to be received under the lease agreement total \$21,856 for the year ending March 31, 2016. The lease can be renewed for an additional 12-month term, for up to two additional years, with an annual rent increase of 3% per year.

**NOTE 9 - SCHOLARSHIP AWARD PROGRAMS**

The *North Carolina General Statute* 93B-11 allows occupational licensing boards to use the interest earned on their funds for educational purposes to benefit licensees or the public. The Board provides these services through a Uniform CPA Examination “coupon” program and a graduate-level scholarship award program.

The Board awards a coupon, available to one financially-needy student graduating with an undergraduate degree in accounting, to each of the 36 North Carolina colleges and universities which grant undergraduate accounting degrees. Additional coupons are awarded at each of North Carolina’s historically black colleges and universities. The coupons are valid for one year from the date of issue and cover the graduating student’s initial application fee and the cost of sitting for each section of the Uniform CPA Examination. The current value of each coupon is \$959. The Board accounts for the coupon program by netting the costs associated with the actual redeemed coupons against its examination fee revenues. The cost of the coupon program totaled \$26,854 and \$16,228 for fiscal years 2015 and 2014, respectively.

The Board also awards a \$1,000 scholarship to one financially-needy student pursuing a graduate-level degree at each of the ten North Carolina colleges and universities that offer a graduate-level degree in accounting. The scholarship is awarded through the college or university in the student’s name. The Board accounts for the scholarship program by reporting a scholarship expense at the time the funds are disbursed to the awarding college or university. The cost of the scholarship program totaled \$12,000 and \$4,000 for fiscal years 2015 and 2014, respectively.

The costs for the scholarship award programs include the use of interest earned on the Board's funds during the year.

**NOTE 10 - RECLASSIFICATION**

Information related to operating expenses in the 2014 Statement of Cash Flows has been reclassified to conform to the 2015 presentation.

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
**Notes to Financial Statements**

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NOTE 11 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through July 20, 2015, which is the date the financial statements were available to be issued. Management discovered no subsequent events that should be disclosed.

The audit was conducted in approximately 90 hours at a cost of \$8,730.

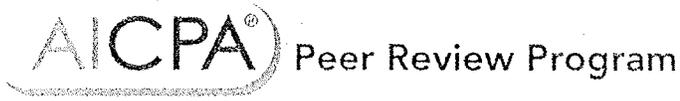
**SUPPLEMENTARY INFORMATION**

**NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS**  
Schedules of Budget and Actual - Revenues, Expenses, and Changes in Net Position  
Years Ended March 31, 2015 and 2014

	2015			2014		
	(Unaudited) Budget	Actual	Over (under) Budget	(Unaudited) Budget	Actual	Over (under) Budget
<b>Revenues:</b>						
Examination fees	\$ 1,312,210	\$ 1,435,724	\$ 123,514	\$ 1,415,834	\$ 1,292,925	\$ (122,909)
Licensing fees	1,362,540	1,360,270	(2,270)	1,307,120	1,331,320	24,200
Other	56,645	60,021	3,376	59,250	59,976	726
Total revenues	<u>2,731,395</u>	<u>2,856,015</u>	<u>124,620</u>	<u>2,782,204</u>	<u>2,684,221</u>	<u>(97,983)</u>
<b>Expenses:</b>						
Personnel	1,290,674	1,237,239	(53,435)	1,268,114	1,220,169	(47,945)
Examination	926,400	978,701	52,301	1,001,400	859,216	(142,184)
Scholarship	11,000	12,000	1,000	10,000	4,000	(6,000)
Office	329,300	331,367	2,067	321,800	336,027	14,227
Board and legal	123,495	97,977	(25,518)	128,799	65,733	(63,066)
Building	51,050	43,227	(7,823)	37,350	31,725	(5,625)
Depreciation	-	50,493	50,493	-	56,487	56,487
Total expenses	<u>2,731,919</u>	<u>2,751,004</u>	<u>19,085</u>	<u>2,767,463</u>	<u>2,573,357</u>	<u>(194,106)</u>
Changes in net position	(524)	105,011	105,535	14,741	110,864	96,123
Net position - beginning of year	<u>2,430,510</u>	<u>2,430,510</u>	-	<u>2,319,646</u>	<u>2,319,646</u>	-
Net position - end of year	<u>\$ 2,429,986</u>	<u>\$ 2,535,521</u>	<u>\$ 105,535</u>	<u>\$ 2,334,387</u>	<u>\$ 2,430,510</u>	<u>\$ 96,123</u>

**Budgetary Information**

Annual budgets are adopted by the Board and prepared and reported on the accrual basis of accounting. The budget prepared for fiscal year ended March 31, 2015 identifies major sources of revenue and expenses. Although budgeted amounts lapse at year-end, the Board retains its unexpended net assets to fund expenses of the succeeding years.



American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707-8110

December 04, 2015

Henry White  
North Carolina Association of CPAs  
P.O. Box 80188  
Raleigh, NC 27603

Dear Mr. White:

On November 30, 2015 the AICPA Peer Review Board Oversight Task Force accepted the report and letter of procedures and observations on the most recent oversight visit for the North Carolina Association of CPAs, the administering entity for the AICPA Peer Review Program, and the administering entity's response thereto. A copy of this acknowledgement, the two oversight visit documents, and your response have now been posted to the AICPA Peer Review Program Web site.

The next state oversight visit will be in 2017.

The AICPA Peer Review Board appreciates your cooperation and efforts in making the peer review program a success.

Sincerely,

*Debra Seefeld*

Debra Seefeld, Chair  
Oversight Task Force  
AICPA Peer Review Board

cc: James T. Ahler, CAE, State Society CEO  
Mary Kelly, North Carolina Association of CPAs  
Laurel Gron, AICPA Peer Review Program Technical Manager

## Oversight Visit Report

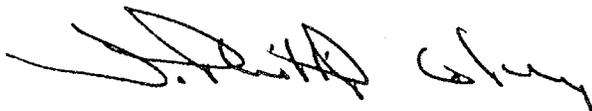
August 20, 2015

To the Peer Review Committee  
North Carolina Association of  
Certified Public Accountants

We have reviewed the North Carolina Association of Certified Public Accountants' administration of the AICPA Peer Review Program as part of our oversight program. Our procedures were conducted in conformity with the guidance established by the AICPA Peer Review Board (the "Board") as contained in the *AICPA Peer Review Program Oversight Handbook*. The administering entity is responsible for administering the AICPA Peer Review Program in compliance with the *AICPA Standards for Performing and Reporting on Peer Reviews* (the "Standards"), interpretations, and other guidance established by the Board. Our responsibility is to determine whether (1) administering entities are complying with the administrative procedures established by the Board as set forth in the *AICPA Peer Review Administrative Manual*, (2) the reviews are being conducted and reported on in accordance with the Standards, (3) the results of the reviews are being evaluated on a consistent basis by all administering entity peer review committees, and (4) information disseminated by administering entities is accurate and timely.

Based on the results of the procedures performed, we have concluded that the North Carolina Association of Certified Public Accountants has complied with the administrative procedures and Standards in all material respects as established by the Board.

As is customary, we have issued a letter of oversight visit procedures and observations that details the oversight procedures performed and sets forth recommendations that were not considered to be of sufficient significance to affect the conclusions expressed in this report.

J. Phillip Coley, Member, Oversight Task Force  
AICPA Peer Review Program

August 20, 2015

To the Peer Review Committee  
North Carolina Association of  
Certified Public Accountants

We have reviewed the North Carolina Association of Certified Public Accountants' (the "Association") administration of the AICPA Peer Review Program (the "Program") as part of our oversight program and have issued our report thereon dated August 20, 2015. That report should be read in conjunction with the observations in this letter, which were considered in determining our conclusions. The observations described below were not considered to be of sufficient significance to affect the conclusions expressed in that report.

The oversight visit was conducted according to the procedures in the *AICPA Peer Review Program Oversight Handbook*. An oversight program is designed to improve the administering entity's administration of the AICPA Peer Review Program through feedback on its policies and procedures, and to provide resource assistance from an AICPA Peer Review Board (the "Board") Oversight Task Force member on both technical and administrative matters.

In conjunction with the oversight visit of the Association, the administering entity for the Program, conducted on August 19<sup>th</sup> and 20<sup>th</sup>, 2015, the following observations are being communicated.

### **Administrative Procedures**

On the morning of August 19, 2015, Debra Seefeld, a member of the Board's Oversight Task Force, and I met with the Association's Peer Review Coordinator to review the Program's administration. We believe the administrative processes were being handled in a manner consistent with peer review standards.

We reviewed the files which were still open due to follow-up actions and which had not yet been completed. We found that the follow-up actions were being effectively monitored for completion by the administrative staff and the peer review committee.

We also reviewed the policies and procedures for the granting of extensions. We found that the Peer Review Coordinator handles short-term extension requests with discussion from the committee when the circumstances warrant.

We also reviewed the timeliness of the scheduling process, technical reviews, and the preparation of acceptance and follow-up letters. We found no problems in these areas.

The Association has developed a back-up plan to support the Peer Review Coordinator and the Technical Reviewers if they become unable to serve in their respective capacities.

### **Web Site**

We met with the Peer Review Coordinator to review the administering entity's procedures to determine if the information disseminated regarding the AICPA Peer Review Program by the administering entity on their web site is accurate and timely.

After the AICPA's review of the web site material and our review of other disseminated peer review materials, we noted that the administering entity maintains and disseminates current information as it relates to the peer review program. In addition, the administering entity has individuals who are responsible for maintaining the web site and monitors the web site to ensure peer review information is accurate and timely.

### **Working Paper Retention**

We reviewed the completed working papers for several reviews and found compliance with the working paper retention policies.

### **Technical Review Procedures**

On the morning of August 20, 2015, we met with two of the Technical Reviewers to discuss procedures. All technical reviews are performed by experienced reviewers.

We reviewed the reports, letters of response, if applicable, and the working papers for twenty four of the thirty one reviews being presented to the report acceptance bodies ("RABs") on August 20, 2015. We believe that all review issues were addressed properly by the Technical Reviewers before the reviews were presented to the RABs which contributed to an effective and efficient acceptance process.

### **Review Presentation**

Reviews are brought to the RABs without open technical issues. Accordingly, it was not necessary for the RABs to spend a great deal of time reviewing specific technical issues.

### **Committee and RAB Procedures**

We met with the committee chair and discussed their procedures for disseminating the comments resulting from the AICPA working paper oversights to the appropriate individuals. Noting that there will be significant reductions in these oversights in the future, it was determined the committee had issued reviewer feedback related to these comments when appropriate.

On August 20, 2015, we attended the three on-site RAB meetings as well as the peer review committee meeting. We observed the RABs' acceptance process and offered our comments at the close of discussions.

The Peer Review Committee  
North Carolina Association of  
Certified Public Accountants  
August 20, 2015  
Page 3

The RAB meetings were very orderly and it was apparent that the RAB members had reviewed the reports and working papers thoroughly prior to the meetings and had a good understanding of the Program to reach an appropriate decision for each review.

Appropriate decisions were made in the acceptance process, appropriate follow-up actions were assigned, and reviewers were being appropriately monitored. Reviews were being presented to the RABs on a timely basis.

### **Oversight Program**

The Association's peer review committee has adopted a formal oversight program that is well documented. We reviewed the document and procedures performed and found it to be comprehensive.

### **Summary**

There are no further observations to be communicated to the North Carolina Association of Certified Public Accountants.

A handwritten signature in black ink, appearing to read "J. Phillip Coley". The signature is written in a cursive style with a large initial "J" and "C".

J. Phillip Coley, Member, Oversight Task Force  
AICPA Peer Review Program

October 22, 2015

Debra Seefeld, CPA  
Chair  
AICPA Peer Review Board  
Oversight Task Force  
Palladian I Corporate Center  
220 Leigh Farm Road  
Durham, NC 27707-8110

Re: 2015 AICPA Oversight Visit to North Carolina Association of CPAs

Dear Ms. Seefeld:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of North Carolina's administration of the AICPA Peer Review Program on August 19-20, 2015. The oversight visit documents have been disseminated to all NCACPA Peer Review Committee members, technical reviewers, and administrative staff. We are pleased to note there were no specific deficiencies or observations included in the oversight documents on which a written response was required. This letter represents our acknowledgement of the oversight visit.

We appreciate the review J. Phillip Coley and Debra Seefeld performed of our administration of the AICPA Peer Review Program.

Sincerely,



Henry L. White, CPA  
Chair  
NCACPA Peer Review Committee

cc: James T. Ahler, CAE, NCACPA CEO  
Mary C. Kelly, NCACPA Peer Review Coordinator  
Laurel Gron, CPA, AICPA Technical Manager



North Carolina Association of CPAs

PO Box 80188, Raleigh, NC 27623-0188 • 3100 Gateway Centre Boulevard, Morrisville, NC 27560-9241  
Phone (919) 469-1040 • (800) 722-2836 • Fax (919) 378-2000 • [www.ncacpa.org](http://www.ncacpa.org)

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2015298-2

IN THE MATTER OF:  
Mary C. Christy, CPA  
Respondent Firm

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Mary C. Christy, CPA (hereinafter "Respondent firm"), is a registered certified public accounting firm in North Carolina.
2. Respondent firm received a "fail" on its most recent system peer review, with an acceptance letter date of August 25, 2015.
3. In accordance with 21 NCAC 08M .0106 requirements for all failed and second passed with deficiencies peer review reports, Respondent firm submitted to the Board a package that included the Peer Review Report, Letter of Response, and Final Letter of Acceptance.
4. The failed system peer review noted a material departure from Generally Accepted Auditing Standards ("GAAS") by Respondent firm.
5. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent firm's failure to comply with GAAS is a violation of 21 NCAC 08N .0403 and .0212.

Consent Order - 2  
Mary C. Christy, CPA

3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm is censured.
2. Respondent firm shall provide a written statement to the Board that it will no longer be participating in, performing, or reviewing any audit engagements subject to peer review.
3. Prior to Respondent firm participating in, performing, or reviewing any engagements subject to peer review, Respondent firm shall be required to complete the following:
  - a. Each of Respondent firm's professional staff participating in any audit engagements shall take a minimum of eight (8) hours each of group study CPE coursework related to Audit Planning, Audit Documentation, and Audit Reporting as part of their annual CPE requirements until such time as Respondent firm receives a pass on a system peer review; and
  - b. Pre-issuance reviews, to be performed by a pre-issuance reviewer approved by the Board, for all future audit engagements until determination is made by the Board that said engagements can be performed by Respondent firm in accordance with applicable standards.

CONSENTED TO THIS THE 7<sup>th</sup> DAY OF JUNE, 2016  
(Day) (Month) (Year)

Mary C. Christy  
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25 DAY OF JULY, 2016  
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]  
President