

**PUBLIC SESSION AGENDA  
NORTH CAROLINA STATE BOARD OF CPA EXAMINERS  
JUNE 23, 2016  
10:00 A.M.  
GRANDOVER CONFERENCE CENTER  
GREENSBORO, NC**

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**I. Administrative Items**

A. Call to Order

*In accordance with the State Government Ethics Act, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflict. Does any Board member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.*

1. Board Order – Belinda Johnson and Belinda Johnson, CPA, P.A.

B. Welcome and Introduction of Guests

C. Approval of Agenda (**ACTION**)

D. Minutes (**ACTION**)

E. Financial/Budgetary Items

1. Financial Statements for May 2016 (**ACTION**)

2. Draft Board Budget for 2016-2017 (**ACTION**)

**II. Legislative & Rule-Making Items**

A. Rule-Making for 2016-2017 (**DISCUSSION**)

**III. National Organization Items**

A. NASBA Eastern Regional Meeting, Asheville, June 7-9, 2016 (**FYI**)

**IV. State & Local Organization Items**

A. Introduction of NCACPA COO (**FYI**)

**V. Request for Declaratory Ruling**

**VI. Committee Reports**

A. Professional Standards (**ACTION**)

B. Professional Education and Applications (**ACTION**)

**VII. Public Comments**

**VIII. Closed Session**

**IX. Executive Staff and Legal Counsel Report**

A. Draft Working Strategic Plan Objective – Excellent Customer Service (**ACTION**)

B. Executive Staff Report (**FYI**)

**X. Adjournment**

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**May 19, 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 George W. Rohe, 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, Legal Counsel.

**GUESTS:** Sharon Bryson, CEO, NCACPA; Mark Sotichack, CPA, COO, NCACPA; Amanda Davis, Director of Learning and Development, NCACPA; Andrea W. Eason, CPA; Tina Purvis, CPA; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, AICPA; Belinda Johnson, CPA; James Finch; Nathan Standley, Esq., Allen & Pinnix, PA; and Officer J.A. Stokes, Raleigh Police Department.

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

**PUBLIC HEARING:** President Womble called the Public Hearing to order to hear Case Nos. C2014266-1, C2014266-2, and C2014120 – Belinda L. Johnson, NC CPA Certificate No. 31871, and Belinda Johnson, CPA, PA. Ms. Johnson was present at the Hearing and was not represented by counsel. Ms. Johnson, David R. Nance, CPA; Robert N. Brooks; Andrea W. Eason, CPA; and Tina Purvis, CPA; were sworn in and presented testimony. Messrs. Cook and Biggs moved to enter Closed Session to discuss the matter with Noel L. Allen, Esq., without the Executive Staff, Staff Attorney, or Mr. Truitt present. Mr. Truitt did not participate in any discussion of these matters nor did he participate in any votes related to these matters. The Board re-entered the Hearing and Ms. Brown and Mr. Cook moved to order that 1) Ms. Johnson's firm registration shall be suspended for three (3) years or until Ms. Johnson provides proof that she has fulfilled the terms of her 2013 peer review engagement in compliance with 21 NCAC 08N .02013(b)(4), whichever occurs first; 2) Ms. Johnson shall pay a \$1000.00 civil penalty for her violation to comply with Government Auditing Standards and generally accepted auditing standards in violation of 21 NCAC 08N .0409, .0403, and .0212 and causing her firm to not comply with those same regulations; 3) Ms. Johnson shall pay a \$1000.00 civil penalty for her failure to cooperate with the Board in violation of 21 NCAC 08N .0206; and 4) Ms. Johnson's NC CPA certificate is revoked for a period of five (5) years, however, the revocation is stayed provided that Ms. Johnson complies

with all NC accountancy laws and rules during the period of the stayed revocation. The Board Order will be written and then reviewed and approved at the June 23, 2016, meeting of the Board. The entire Public Hearing is a matter of public record.

**MINUTES:** The minutes of the April 25, 2016, meeting were approved as submitted.

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

The Board instructed the Executive Staff to place the draft 2016-2017 Board budget on the June 23, 2016, meeting agenda.

**LEGISLATIVE AND RULE-MAKING ITEMS:** The Executive Director provided several draft rules that may be considered for rule-making.

The Executive Director provided the Board with copies of current occupational licensing board-related legislation before the General Assembly.

**NATIONAL ORGANIZATION ITEMS:** Mr. Cook and Ms. Brown moved to approve the draft response to the NASBA/AICPA *Statement on Standards for Continuing Professional Education (CPE) Program Standards*. Motion passed.

**STATE AND LOCAL ORGANIZATION ITEMS:** The Board recognized and welcomed Sharon Bryson to her first Board meeting in her new role as CEO of the NCACPA.

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

Case No. C2015148 - Warren H. Pennington - Approve the signed Consent Order (Appendix I) accepting the voluntary permanent surrender of the NC CPA certificate issued to Warren H. Pennington.

Case No. C2015252 - Rui-ru Bao - Accept the signed Consent Order (Appendix II).

Case No. C2012391 - Albert M. Edwards, Jr. - Approve a Notice of Hearing for July 25, 2016, at 10:00 a.m.

Case No. C2014374-1 and Case No. C2014374-2 - Close the cases without prejudice and with a Letter of Warning.

Case No. C2016012 - Close the case without prejudice.

Case No. C2016022 - Close the case without prejudice.

Case No. C2016049 - Close the case without prejudice.

Case No. C2016084 - Close the case without prejudice.

Case No. C2015270 - Deborah G. Jenkins - Approve a Notice of Hearing for August 23, 2016, at 10:00 a.m.

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

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

Megan Alexandra Morava

Zachary Lee Raborn

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

Tonya Sharee Agent  
Chloe Bailey  
Jess McCall Bankhead  
Meridith Leigh Belcher  
Daniel Aaron Benjamin  
Christopher Richard Berube  
James Robert Buda  
Bethany Renee Breeden  
John Matthew Capasso  
Michele Roberts Capel  
Karina Josefa Romero Carranza  
Hillary Leone Colvin  
Martin William Durrence  
Joshua Charles Ferrin  
Timothy Alan Hayes  
Michael John Huber  
John Preston Irvin  
Andrew Phillip LaDuke  
Ying Ying Lang  
Larysa V. Lim  
Theresa Louise Lynch

Anthony James Mangano  
Darren Joseph Marshall  
Wilson Andrew McGuire  
Kelly Thompson Monahan  
Megan Alexandra Morava  
Lisa Stunda Morrow  
Jamie Renee Murphy  
Maddison McDaniel Paul  
Catherine Ann Pettus  
Zachary Lee Raborn  
Andrew Houston Rector  
Richard Sparks Segal  
Matthew David Shekletski  
Jessica Anne Sheridan  
Tony Peter Spirakis  
Jamie Lynn Stevens  
Bennett Palmer Strickland  
Joshua A. Timms  
Lee Vang  
Alex John White  
Alan Tyler Wise

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

Joanna Atkinson  
Jordan Leonhardt Daniel  
Steven Scott Davitte, Jr.  
Steven Karl Evjen  
William Owen Charles Fitzpatrick  
Millicent Jean Frias  
Rachel Marie Gordon  
Robert Alexis Green, III  
Carmie Lee Howell

Patricia White Hunt  
Jamie-Lee Lavelle  
Lindsey Andrews Metzger  
Joseph David Peak, III  
Lisa Bertolini Ringelman  
Abdullah Ayid Saleh  
Evan George Schroedel  
Megan Ruth Schuler  
Alex Douglas Taylor

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

Jeremy John Gilbert, T9101  
Xiaojuan Chen, T9102  
Lauren Nicole McClune, T9103  
Darryl Robert Jackson, T9173  
Dominic Joseph Fillippa, Jr., T9174

Shannon Marie Titch, T9175  
Thomas Edward Riley, Jr., T9176  
Olga Zevin-Bushe, T9177  
Michael Edward Ellis, T9178

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

Jeffrey Wade Crumpley, #31088  
Mary Teresa Fischer, #16258  
Richard Thurston Holderness, Jr., #25486  
Mary Anne Jackson, #23190  
Brent Henry Kasey, #15567

Gail Shell Miller, #14501  
Joseph Charles Perkins, Jr., #21224  
Eugenia Knox Sekaly, #23498  
Akbar Saeed Sharfi, #22773  
Randall Adam Wilson, #33306

**Reissuance of New Certificate** - The Committee recommended that the Board approve the following applications for reissuance of new certificate:

David Stanfred Poisson, #35763

Julia Tauras, #25043

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

Suzanne Hall Wood, #17579  
January 10, 2016

Lydia E. Jensen, #34435  
June 30, 2016

**Letter of Warning** - Staff reviewed the random CPE audit submitted by Cheryl Ann Duncan, #23912, which listed 2014 CPE taken between January 1 and June 30, 2015,

without an approved extension. Staff recommended a Letter of Warning for a first offense pursuant to 21 NCAC 08G .0406(b)(1). The Committee recommended that the Board approve staff recommendation.

Staff recommended approval of the requests to rescind the Letters of Warning issued to the individuals listed below. The Committee recommended that the Board approve staff recommendation:

Harold Manasa, #37836

Cassandra Robinson, #32055

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

Rhonda Abernathy  
Matthew Abrams  
Alisha Adams  
Esra Al-Shawafi  
Catherine Albury  
Zachary Anderson  
Brian Antoszyk  
Chandler Archer  
James Badgett  
Assane Badji  
Bernice Badu  
Alicia Barbour  
Benjamin Baumer  
Stephen Belcher  
Jennifer Bell  
Adam Bellefeuille  
Josie Below  
Gregory Bennett  
Carrie Benton  
James Benz  
Anitra Black  
Travis Blackmon  
Dillon Blake  
Joseph Bodenheimer  
Brigitte Borucki  
Keith Bristol  
Barry Brown  
Connecia Brown  
Sarah Brown  
Ashley Bryant

Christine Buchanan  
Cassie Bumgarner  
Katherine Cadungog  
Steven Caponi  
Alan Cardoso  
Matthew Carrick  
Cara Chabreck  
Grant Chambers  
Wendy Cheek  
Cameron Clavin  
Alexander Clute  
Patrick Collins  
Christin Connor  
Chas Cook  
Sarah Courtney  
Lynn Couturier  
Landon Crist  
Rebecca Currie  
Daniel Dapkiewicz  
Susan Darnell  
Willis Davenport  
Cody Davidowski  
Erin Delph  
Marian DeLuca  
Paul Demick  
Heather Deyarmin  
Cyprian Dickson  
Nicole Dickson  
Austin Donze  
Stefan Dosa

Christina Drake  
Doina Duca  
Kyle Ebinger  
Kelsey Elggren  
Kasie Elmore  
Maura Emery  
Gary Farley  
Rida Fatima  
Xuezhi Feng  
Andy Ferrell  
Lauren File  
Erica Fink  
Daniel Fisher  
Holly Fisher  
John Fisher  
Sean Fitzgerald  
Brennan Fox  
Tyler Frank  
Jordan Frazier  
Leanne Fredericks  
George Freeman  
Jordan Gantt  
Ruben Garratt  
Philip Garrigan  
Plair Gennarelli  
Mary Gibbons  
Christina Gilbert  
Timothy Gilbert  
Matthew Gochis  
Kelly Gooderham  
Christian Goodwin  
Randall Greer  
Benjamin Gregory  
Samantha Griffiths  
Sarah Harnitchek  
Susan Haskins  
John Haus  
Hannah Hayes  
Kelsey Helin  
Anna Hergenrader  
Danielle Hindt  
Daniel Hobbs  
Terrie Hoover

Donna Horne  
Jack Howell  
Chun Huang  
Bradley Hulker  
Erin Hunter  
Jonn Irving  
Laura Isaacs  
Mario Jarrett  
Angela Johnson  
William Johnson  
Nicole Jones  
Gregory Journigan  
Jacob Joyner  
Gurpreet Kaur  
Jordan Kay  
Soonam Kim  
Kieran Kinnare  
Walter Kleckley  
Joseph Koon  
Laura Krawczyk  
Austin Lee  
Sydney Lee  
Steven Leerberg  
Meng Li  
Vanessa Loftis  
Van Ly  
Christopher Lynagh  
Colby Lynch  
Joshua Lyons  
Joseph Maganga  
Sarah Mali  
Anna Martin  
Craig Martin  
Corey Marum  
Candace Maynard  
William McCarter  
Charles McCarthy  
Andrea McCullagh  
Miranda McDowell  
Seth McGroder  
Sarah McKinney  
Eugene McManus  
Jenna Meints

John Metcalf  
Jeremy Mikell  
Courtney Miller  
Joshua Minyon  
Kevin Misenheimer  
Michael Moody  
Robert Moore  
April Morris  
Donna Morris  
Shirley Morton  
John Myers  
Angela Nave  
Dustin Never  
Mofopefoluwa Obadina  
Addison Oliver  
Hamel Patel  
Kenan Patel  
John Patronis  
Neal Pawsat  
Alexander Payne  
Chelsea Payne  
Christina Peck  
Joshua Peters  
Lynda Peterson  
Elna Picton  
Erin Priddy  
Ryan Prince  
Andra Radu  
Andrew Renfro  
Christopher Rezac  
Richard Richards  
Devan Riley  
Curtis Robinson  
Julian Rojas  
Debra Roque  
Joseph Rosasco  
Liliya Sabaleuskaya  
John Sajovec  
Michael Saulnier  
Joseph Schmelzle  
Andrew Schuett  
Steven Schulz  
Leah Scully

Shineece Sellars  
Shay Sellati  
Hogan Sellers  
Daniel Serratos Prudencio  
Erin Shaffer  
Payal Shah  
Nusrat Sharmin  
Erin Sherk  
Julie Sherrill  
Amber Shively  
Sawchee Smalley  
Brent Smith  
Dylan Smith  
Julie Smith  
Chase Sommer  
Kayleigh Spangler  
Stephen Spivey  
Casey Stallard  
Priscilla Staten  
Nathanael Stoermann  
Courtney Struble  
Erin Sturgess  
Michael Surles  
Everett Swimm  
Megan Switick  
Willie Tate  
James Taylor  
Julia Terry  
Kim Terry  
Palak Thakore  
Jeremiah Thayer  
Hannah Thomas  
Deana Thorps  
Lindsay Tippet  
Ray Toney  
Jack Treesh  
Michael Trefzger  
Joshua Tulledge  
Cody Underwood  
Henrica Van Oort  
Kenneth VanSparrentak  
Matthew Vogler  
Daniel Wallace

Myakka Ware  
James Watson  
Christina Weaver  
William Webb  
Karl Weickgenannt  
Hanna Wentz  
Rachelle Westbrook  
David Wheeler  
Taylor White

Aviance Williams  
Leigh Williams  
Patty Wilson  
AnnMarie Wood  
Heather Wyatt  
Juliana Yorio  
Alyssa Zeman  
Yishan Zhao

**EXECUTIVE STAFF AND LEGAL COUNSEL REPORT:** The Board instructed the Executive Staff to place the *Draft Working Strategic Plan Objective – Excellent Customer Service* on the June 23, 2016, meeting agenda.

**ADJOURNMENT:** Messrs. Womble and Rohe moved to adjourn the meeting at 5:21 p.m. Motion passed.

Respectfully submitted:

Attested to by:

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Robert N. Brooks  
Executive Director

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Michael H. Womble, CPA  
President

## APPENDIX I

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

Case: #C2015148

IN THE MATTER OF:  
Warren H. Pennington, #19776  
Respondent

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. Respondent Warren H. Pennington (hereinafter "the Respondent") was the holder of a certificate of qualification admitting the Respondent to practice as a Certified Public Accountant in North Carolina ("Certificate"). The Respondent is subject to the provisions of Chapter 93 of the General Statutes of North Carolina 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. On January 28, 2013, the Respondent entered into a Consent Order with this Board permanently revoking his certificate ("Consent Order").
3. The Consent Order was premised upon convictions that occurred in the State of Georgia. The convictions arose from the Respondent's ownership of a payroll service company ("Payroll Company").
4. At the time that he entered into the Consent Order, the Respondent had a pending appeal from those criminal convictions. Therefore, the Consent Order contained the provision that "if Respondent's conviction is overturned as a result of his appeal, Respondent may immediately petition the Board for modification of discipline pursuant to 21 NCAC 08I .0104."
5. On July 16, 2013, the Court of Appeals of Georgia entered an order on the Respondent's appeal. The ruling reversed all but four (4) of the Respondent's convictions on the basis that the applicable statute of limitations had expired prior to the filing of the indictment. The ruling reversed the remaining four (4) convictions and ordered a new trial on the basis that the evidence of the barred allegations was prejudicial to the jury's determination.
6. On remand, the Respondent entered a *nolo contendere* plea to two (2) misdemeanor counts of theft by conversion.

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CPA EXAMINERS

Consent Order - 2  
Warren H. Pennington

7. The Respondent admits that one of his Payroll Company employees embezzled at least \$90,000.00 of his clients' funds while employed at the Payroll Company. The Respondent asserts that he has paid all outstanding sums to the IRS.
8. Following his plea, the Respondent submitted a petition to the Board requesting a modification of the discipline contained in his Consent Order.
9. The Respondent, in his request for modification of discipline, has indicated that he does not desire to return to the State of North Carolina to provide accounting services.
10. The Respondent 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. The Respondent 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. 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, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. The Board hereby determines that it is appropriate to modify the Respondent's prior discipline of permanent revocation due to the success of his appeal. Therefore, the January 28, 2013, Consent Order is rescinded by the Board.
3. However, if proven at hearing, the Respondent's plea of *nolo contendere* on two (2) counts of theft by conversion could constitute a violation of N.C. Gen. Stat. § 93-12(9)(b).
4. Further, if proven at hearing, per 21 NCAC 08N .0103, the Respondent's failure to adequately supervise the employees of the Payroll Company could result in their actions being imputed upon him, resulting in a violation of 21 NCAC 08N .0202.
5. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order and the Respondent's stated desire not to provide accounting services in the State of North Carolina, the parties agree as follows:

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Consent Order - 3  
Warren H. Pennington

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

1. The Respondent's request to modify his prior discipline is granted and the revocation of the Respondent's certified public accountant certificate is hereby rescinded.
2. The Respondent, Warren H. Pennington, hereby voluntarily surrenders his certified public accountant certificate permanently.
3. The Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this State through an office located in this State, nor shall the Respondent claim or attempt to use any practice privileges in any other state based upon his permanently surrendered North Carolina certificate.

CONSENTED TO THIS THE 29 DAY OF APRIL, 2016.  
(Day) (Month) (Year)

Warren H. Pennington  
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF MAY, 2016.  
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]  
President

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NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #C2015252

IN THE MATTER OF:  
Rui-ru Bao, #32935  
Respondent

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. Respondent is the holder of North Carolina certificate number 32935 as a Certified Public Accountant.
2. Respondent informed the Board on her 2014-2015 individual certificate Renewal ("Renewal") that between January 1, 2013, and June 30, 2014, she had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2013 CPE requirements.
3. Based on Respondent's representation, the Board accepted her Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2013 requirements.
5. Respondent was unable to provide documentation for twenty-two (22) hours of the 2013 CPE hours that she would need to meet the forty (40) hour requirement that she claimed on her 2014-2015 annual renewal.
6. Respondent 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 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.

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

1. 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, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

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

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew her certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return her certificate to the Board within fifteen (15) days of her receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of her certificate after one (1) year from the date the Board approves this Consent Order as long as the civil penalty required in number five (5) of this Order has been timely received by the Board.
4. Respondent may apply to return her certificate to active status by submission and approval of a reissuance application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. Three (3) moral character affidavits, and
  - d. Sixty-two (62) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.

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Consent Order - 3  
Rui-ru Bao

- 5. Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.
- 6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 30 DAY OF April, 2016.  
(Day) (Month) (Year)

Rui-ru Bao  
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF MAY, 2016.  
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]  
President

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**Financial Highlights**  
**For the Two Month Period Ended May 31, 2016**  
**Compared to the Two Month Period Ended May 31, 2015**

	Budget Var.	May-16	May-15	Inc. (Dec.)
Total Revenue	\$0.00	\$ 890,334.24	\$ 854,813.02	\$ 35,521.22
■ Total Operating Revenue	\$0.00	\$ 885,147.12	\$ 846,622.19	\$ 38,524.93
❖ Total Net Non Operating Revenue	\$0.00	\$ 5,187.12	\$ 8,190.83	\$ (3,003.71)
○ Total Expenses	\$0.00	\$ 470,139.89	\$ 444,922.17	\$ 25,217.72
Increase(Dec.) Net Assets for Period		\$ 420,194.35	\$ 409,890.85	\$ 10,303.50
Total Checking and Savings		\$ 1,369,182.12	\$ 902,473.16	\$ 466,708.96
Total Assets		\$ 3,761,653.54	\$ 3,504,598.71	\$ 257,054.83
Full-Time/Part-time Employees		13/1	13/1	0/0

**Budget:**

There are no budget figures at this time awaiting Board's approval of proposed budget.

**Actual:**

- Total operating revenue increased this period compared to last by \$39,000 primarily due to increased certificate renewal fees (+\$25k) and exam fees (+\$14k)
- ❖ Total net non operating revenue decreased this period compared to last by \$3,000 primarily due to the Board not having rental income in April.
- Total expenses increased this period compared to prior by \$25,000 primarily due to exam costs (\$15k), office expense (\$8k), and Board travel (\$6k).

06/03/16

NC Board of CPA Examiners  
**Statement of Net Position**  
 As of May 31, 2016

	<u>May 31, 16</u>	<u>May 31, 15</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1077 · Fidelity Bank - MMA	249,000.00	0.00
1076 · Bank of North Carolina - MMA	251,904.45	0.00
1075 · Union - Money Market	248,621.14	245,517.06
1074 · First Tennessee Bank - MMA	245,731.58	144,698.94
1023 · BB&T Disciplinary Clearing Acct	2,000.00	1,000.00
1020 · BB&T Checking Acct	361,582.74	201,078.99
1021 · BB&T Savings Account	10,242.21	310,078.17
1030 · BB&T Payroll Acct	100.00	100.00
<b>Total Checking/Savings</b>	<u>1,369,182.12</u>	<u>902,473.16</u>
<b>Other Current Assets</b>		
1110 · Accrued CD Interest	4,023.03	3,647.52
1050 · CD Investments - Current	1,249,095.47	1,194,740.68
1165 · Deferred Lease Commissions	4,358.12	0.00
1125 · Accts Rec Civil Penalties	5,000.00	0.00
<b>Total Other Current Assets</b>	<u>1,262,476.62</u>	<u>1,198,388.20</u>
<b>Total Current Assets</b>	<u>2,631,658.74</u>	<u>2,100,861.36</u>
<b>Fixed Assets</b>		
1330 · Land Improvement	14,640.90	14,640.90
1300 · Building	917,143.10	917,143.10
1305 · Land	300,000.00	300,000.00
1310 · Furniture	112,387.24	113,918.90
1320 · Equipment	174,698.30	192,462.69
1325 · Data Base Software	180,336.18	180,336.18
1390 · Accumulated Depreciation	-815,010.72	-807,493.22
<b>Total Fixed Assets</b>	<u>884,195.00</u>	<u>911,008.55</u>
<b>Other Assets</b>		
1250 · CD Investments Non-Current	245,799.80	492,728.80
<b>Total Other Assets</b>	<u>245,799.80</u>	<u>492,728.80</u>
<b>TOTAL ASSETS</b>	<u><b>3,761,653.54</b></u>	<u><b>3,504,598.71</b></u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Other Current Liabilities</b>		
2040 · Accounts Payable Civil Penalty	4,500.00	0.00
2005 · Due to Exam Vendors	529,990.68	478,564.09
2011 · Accounts Payable Other	2,500.00	2,500.00
2015 · Accrued Vacation Current	7,332.18	4,571.00
<b>Total Other Current Liabilities</b>	<u>544,322.86</u>	<u>485,635.09</u>
<b>Total Current Liabilities</b>	<u>544,322.86</u>	<u>485,635.09</u>

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NC Board of CPA Examiners  
**Statement of Net Position**  
As of May 31, 2016

	<u>May 31, 16</u>	<u>May 31, 15</u>
<b>Long Term Liabilities</b>		
2020 · Accrued Vacation	72,106.36	73,432.34
<b>Total Long Term Liabilities</b>	<u>72,106.36</u>	<u>73,432.34</u>
<b>Total Liabilities</b>	616,429.22	559,067.43
<b>Net Assets</b>		
3010 · Net Assets Invest in Cap Assets	884,195.00	911,008.55
3020 · Designated for Capital Assets	100,000.00	100,000.00
3031 · Designated-Operating Expenses	300,000.00	300,000.00
3040 · Designated for Litigation	750,000.00	750,000.00
3900 · Net Assets Undesignated	690,834.97	474,631.88
Change in Net Assets	420,194.35	409,890.85
<b>Total Net Assets</b>	<u>3,145,224.32</u>	<u>2,945,531.28</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><b>3,761,653.54</b></u>	<u><b>3,504,598.71</b></u>

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NC Board of CPA Examiners  
**Statement of Revenues & Expense - Budget v. Actual**  
 April 2016 through May 2016

	Apr - May 16	Budget	\$ Over Bu...
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>Certificate Fees</b>			
4110 · Certificates - Initial	9,700.00	0.00	9,700.00
4120 · Certificates - Reciprocal	4,800.00	0.00	4,800.00
4121 · Certificates - Recip/Temp	0.00	0.00	0.00
4130 · Certificates - Temporary	0.00	0.00	0.00
4131 · Certificates - Temp Renewal	0.00	0.00	0.00
4140 · Certificates - Renewal Fees	592,380.00	0.00	592,380.00
4150 · Certificates - Reinst/Revoked	500.00	0.00	500.00
4151 · Certificates - Reinst/Surr	1,000.00	0.00	1,000.00
4152 · Certificates - Reinst/Retired	0.00	0.00	0.00
4160 · Certificates - Notification	0.00	0.00	0.00
4161 · Certificate - Notification Rnw	0.00	0.00	0.00
<b>Total Certificate Fees</b>	<b>608,380.00</b>	<b>0.00</b>	<b>608,380.00</b>
<b>Exam Fee Revenue</b>			
4001 · Initial Adm Fees	41,400.00	0.00	41,400.00
4002 · Re-Exam Adm Fees	29,550.00	0.00	29,550.00
4004 · Exam Fees Revenue	206,634.82	0.00	206,634.82
4060 · Equivalency Exam Fees	0.00	0.00	0.00
4070 · Transfer Exam Grade Credit	0.00	0.00	0.00
4071 · Exam Review Fees	0.00	0.00	0.00
4072 · Exam Scholarship Coupon	-1,850.70	0.00	-1,850.70
<b>Total Exam Fee Revenue</b>	<b>275,734.12</b>	<b>0.00</b>	<b>275,734.12</b>
<b>Misc</b>			
4999 · Board Training	0.00	0.00	0.00
4910 · Educational Program Fees	0.00	0.00	0.00
4970 · Duplicate Certificates	200.00	0.00	200.00
4980 · Copies	0.00	0.00	0.00
4990 · Miscellaneous	338.00	0.00	338.00
<b>Total Misc</b>	<b>538.00</b>	<b>0.00</b>	<b>538.00</b>
<b>Partnership Fees</b>			
4260 · Partnership Registration Fees	30.00	0.00	30.00
4261 · Partnership Renewal Fees	0.00	0.00	0.00
<b>Total Partnership Fees</b>	<b>30.00</b>	<b>0.00</b>	<b>30.00</b>
<b>Professional Corporation Fees</b>			
4250 · PC Registration Fees	550.00	0.00	550.00
4251 · PC Renewal Fees	-110.00	0.00	-110.00
4252 · PC Renewal Fees W/Penalties	25.00	0.00	25.00
<b>Total Professional Corporation Fees</b>	<b>465.00</b>	<b>0.00</b>	<b>465.00</b>
<b>Total Income</b>	<b>885,147.12</b>	<b>0.00</b>	<b>885,147.12</b>
<b>Expense</b>			
6900 · Bad Debit Expense	0.00	0.00	0.00
6690 · Over & Short	0.60	0.00	0.60

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NC Board of CPA Examiners  
**Statement of Revenues & Expense - Budget v. Actual**  
 April 2016 through May 2016

	Apr - May 16	Budget	\$ Over Bu...
<b>Fringe Benefits</b>			
5031 · Retirement - NCLB Contribution	9,692.09	0.00	9,692.09
5033 · Retirement - NCLB Administr	259.00	0.00	259.00
5035 · Health Ins. Premiums	17,197.47	0.00	17,197.47
5036 · Medical Reim Plan	3,767.22	0.00	3,767.22
5038 · Unemployment Claims	0.00	0.00	0.00
<b>Total Fringe Benefits</b>	<b>30,915.78</b>	<b>0.00</b>	<b>30,915.78</b>
<b>Board Travel</b>			
5120 · Board Travel - Board Meetings	3,343.43	0.00	3,343.43
5121 · Board Travel - Prof Meetings	14.00	0.00	14.00
5122 · Board Travel - NASBA Annual	0.00	0.00	0.00
5123 · Board Travel - NASBA Regional	1,811.39	0.00	1,811.39
5124 · Board Travel - NASBA Committees	0.00	0.00	0.00
5125 · Board Travel - AICPA/NASBA	0.00	0.00	0.00
5126 · Board Travel - NCACPA Annual	0.00	0.00	0.00
5127 · Board Travel - NCACPA/Board	2,981.53	0.00	2,981.53
5128 · Board Travel - AICPA Committees	0.00	0.00	0.00
5129 · Miscellaneous Board Costs	0.00	0.00	0.00
5133 · Board Travel - NASBA CPE	0.00	0.00	0.00
<b>Total Board Travel</b>	<b>8,150.35</b>	<b>0.00</b>	<b>8,150.35</b>
<b>Building Expenses</b>			
5800 · Building Maintenance	722.30	0.00	722.30
5801 · Electricity	1,812.56	0.00	1,812.56
5802 · Grounds Maintenance	280.00	0.00	280.00
5803 · Heat & Air Maintenance	0.00	0.00	0.00
5804 · Improvements	0.00	0.00	0.00
5805 · Insurance	0.00	0.00	0.00
5807 · Janitorial Maintenance	950.00	0.00	950.00
5808 · Pest Control Service	0.00	0.00	0.00
5809 · Security & Fire Alarm	0.00	0.00	0.00
5810 · Trash Collection	-454.60	0.00	-454.60
5811 · Water & Sewer	79.46	0.00	79.46
<b>Total Building Expenses</b>	<b>3,389.72</b>	<b>0.00</b>	<b>3,389.72</b>
<b>Continuing Education -Staff</b>			
5050 · Continuing Education - Staff	292.25	0.00	292.25
5051 · Continuing Education - RNB	0.00	0.00	0.00
5052 · Continuing Education - Computer	0.00	0.00	0.00
<b>Total Continuing Education -Staff</b>	<b>292.25</b>	<b>0.00</b>	<b>292.25</b>
<b>Exam Postage</b>			
5531 · Exam Postage	240.00	0.00	240.00
<b>Total Exam Postage</b>	<b>240.00</b>	<b>0.00</b>	<b>240.00</b>
<b>Exam Printing</b>			
5533 · Exam Printing	0.00	0.00	0.00
<b>Total Exam Printing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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NC Board of CPA Examiners  
**Statement of Revenues & Expense - Budget v. Actual**  
 April 2016 through May 2016

	Apr - May 16	Budget	\$ Over Bu...
<b>Exam Sitting and Grading</b>			
5538 · Exam Vendor Expense	192,350.16	0.00	192,350.16
<b>Total Exam Sitting and Grading</b>	192,350.16	0.00	192,350.16
<b>Exam Supplies</b>			
5532 · Exam Supplies	0.00	0.00	0.00
<b>Total Exam Supplies</b>	0.00	0.00	0.00
<b>Exam Temporary Staff</b>			
5530-10 · Temp Employees - May	0.00	0.00	0.00
5530-20 · Temp Employees - Nov	0.00	0.00	0.00
<b>Total Exam Temporary Staff</b>	0.00	0.00	0.00
<b>Investigation &amp; Hearing Costs</b>			
5220 · Investigator Fees	0.00	0.00	0.00
5221 · Staff Investigation Costs	16.50	0.00	16.50
5222 · Investigation Materials	644.98	0.00	644.98
5230 · Hearing Costs	2,104.69	0.00	2,104.69
5231 · Rule-Making Hearing Costs	0.00	0.00	0.00
5232 · Legal Advertising	0.00	0.00	0.00
5250 · Administrative Cost Assessed	-1,000.00	0.00	-1,000.00
5260 · Civil Penalties Assessed	-3,500.00	0.00	-3,500.00
5261 · Civil Penalties Remitted	450.00	0.00	450.00
<b>Total Investigation &amp; Hearing Costs</b>	-1,283.83	0.00	-1,283.83
<b>Legal Expense</b>			
5140 · Legal Counsel - Administrative	3,504.00	0.00	3,504.00
5141 · Legal Counsel - Spec Projects	0.00	0.00	0.00
5210 · Legal Counsel - Prof Standards	0.00	0.00	0.00
5211 · Legal Counsel - Litigation	1,869.49	0.00	1,869.49
<b>Total Legal Expense</b>	5,373.49	0.00	5,373.49
<b>Misc Personnel</b>			
5034 · Misc. Payroll Deduction	0.00	0.00	0.00
5037 · HSA Deduction	0.00	0.00	0.00
5090 · Flowers, Gifts, Etc.	302.58	0.00	302.58
5091 · Staff Recruiting	0.00	0.00	0.00
5092 · Misc. Personnel Costs	65.55	0.00	65.55
<b>Total Misc Personnel</b>	368.13	0.00	368.13
<b>Office Expense</b>			
5436 · Contracted Copy Service	0.00	0.00	0.00
5301 · Equipment Rent	156.00	0.00	156.00
5310 · Decorations	0.00	0.00	0.00
5320 · Payroll Service	295.29	0.00	295.29
5360 · Telephone	508.60	0.00	508.60
5361 · Internet & Website	1,443.60	0.00	1,443.60
5390 · Clipping Service	294.44	0.00	294.44
5400 · Computer Prog/Assistance	1,635.92	0.00	1,635.92
5405 · Computer Software Maintenance	5,871.25	0.00	5,871.25
5410 · Dues	470.00	0.00	470.00
5420 · Insurance	0.00	0.00	0.00
5430 · Audit Fees	0.00	0.00	0.00

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NC Board of CPA Examiners  
**Statement of Revenues & Expense - Budget v. Actual**  
 April 2016 through May 2016

	Apr - May 16	Budget	\$ Over Bu...
5435 · Consulting Services	0.00	0.00	0.00
5440 · Misc Office Expense	390.00	0.00	390.00
5445 · Banking Fees	521.28	0.00	521.28
5450 · Credit Card Fees	11,840.09	0.00	11,840.09
<b>Total Office Expense</b>	<b>23,426.47</b>	<b>0.00</b>	<b>23,426.47</b>
<b>Per Diem - Board</b>			
5110 · Per Diem - Board Meetings	2,200.00	0.00	2,200.00
5111 · Per Diem - Prof Meetings	250.00	0.00	250.00
5112 · Per Diem - NASBA Annual	0.00	0.00	0.00
5113 · Per Diem - NASBA Regional	0.00	0.00	0.00
5114 · Per Diem - NASBA Committees	150.00	0.00	150.00
5115 · Per Diem - AICPA/NASBA	0.00	0.00	0.00
5116 · Per Diem - NCACPA Annual	0.00	0.00	0.00
5117 · Per Diem - NCACPA/Board	0.00	0.00	0.00
5118 · Per Diem - AICPA Committees	0.00	0.00	0.00
5119 · Per Diem - Miscellaneous	0.00	0.00	0.00
5130 · Clerical Reimbursement	0.00	0.00	0.00
5135 · Per Diem - NASBA CPE	0.00	0.00	0.00
<b>Total Per Diem - Board</b>	<b>2,600.00</b>	<b>0.00</b>	<b>2,600.00</b>
<b>Postage</b>			
5345 · Postage - UPS	2,000.00	0.00	2,000.00
5340 · Postage - Other	1,100.00	0.00	1,100.00
5341 · Postage - Newsletter	11,000.00	0.00	11,000.00
5342 · Postage - Business Reply	300.00	0.00	300.00
5343 · Postage - Renewal	360.00	0.00	360.00
5344 · Postage - Rulebook	0.00	0.00	0.00
<b>Total Postage</b>	<b>14,760.00</b>	<b>0.00</b>	<b>14,760.00</b>
<b>Printing</b>			
5330 · Printing - Other	1,049.80	0.00	1,049.80
5331 · Printing - Newsletter	8,981.41	0.00	8,981.41
5332 · Printing - Special Projects	0.00	0.00	0.00
5333 · Printing - Renewal	0.00	0.00	0.00
5334 · Printing - Rulebook	0.00	0.00	0.00
5335 · Mailing Label Printing	0.00	0.00	0.00
<b>Total Printing</b>	<b>10,031.21</b>	<b>0.00</b>	<b>10,031.21</b>
<b>Repairs &amp; Maintenance</b>			
5380 · Repairs - Misc.	0.00	0.00	0.00
5381 · Maintenance - Copiers	0.00	0.00	0.00
5382 · Maintenance - Computer	0.00	0.00	0.00
5383 · Maintenance - Postage	490.00	0.00	490.00
<b>Total Repairs &amp; Maintenance</b>	<b>490.00</b>	<b>0.00</b>	<b>490.00</b>

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NC Board of CPA Examiners  
**Statement of Revenues & Expense - Budget v. Actual**  
 April 2016 through May 2016

	Apr - May 16	Budget	\$ Over Bu...
<b>Salaries &amp; Payroll Taxes</b>			
5040 · State Unemployment Tax	0.00	0.00	0.00
5010 · Staff Salaries	161,537.05	0.00	161,537.05
5020 · Part-Time Staff Salaries	2,343.13	0.00	2,343.13
5021 · Temporary Contractors	0.00	0.00	0.00
5030 · FICA Taxes	12,609.58	0.00	12,609.58
<b>Total Salaries &amp; Payroll Taxes</b>	<b>176,489.76</b>	<b>0.00</b>	<b>176,489.76</b>
<b>Scholarships</b>			
5535 · Scholarship	0.00	0.00	0.00
<b>Total Scholarships</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Staff Travel</b>			
5060 · Staff Travel - Local	81.72	0.00	81.72
5061 · Staff Travel - Prof Mtgs	1,469.55	0.00	1,469.55
5062 · Staff Travel - NASBA CPE	0.00	0.00	0.00
5063 · Staff Travel - NASBA Ethics	0.00	0.00	0.00
5070 · Staff Travel - NASBA Annual	0.00	0.00	0.00
5071 · Staff Travel - NASBA Regional	0.00	0.00	0.00
5072 · Staff Travel - NASBA ED/Legal	-635.96	0.00	-635.96
5073 · Staff Travel - NASBA Committee	0.00	0.00	0.00
5074 · Staff Travel - AICPA	0.00	0.00	0.00
5075 · Staff Travel - NCACPA Meetings	0.00	0.00	0.00
5076 · Staff Travel - NCACPA/Board	330.12	0.00	330.12
5077 · Staff Travel - Clear Conference	0.00	0.00	0.00
5078 · Staff Travel - Vehicle	0.00	0.00	0.00
5080 · Staff Travel - Univ Dialogue	0.00	0.00	0.00
<b>Total Staff Travel</b>	<b>1,245.43</b>	<b>0.00</b>	<b>1,245.43</b>
<b>Subscriptions/References</b>			
5370 · Subscriptions/References	24.50	0.00	24.50
<b>Total Subscriptions/References</b>	<b>24.50</b>	<b>0.00</b>	<b>24.50</b>
<b>Supplies</b>			
5350 · Supplies - Office	514.28	0.00	514.28
5351 · Supplies - Copier	594.60	0.00	594.60
5352 · Supplies - Computer	166.99	0.00	166.99
5353 · Supplies - Special Projects	0.00	0.00	0.00
<b>Total Supplies</b>	<b>1,275.87</b>	<b>0.00</b>	<b>1,275.87</b>
5920 · Funded Depreciation	0.00	0.00	0.00
6999 · Uncategorized Expenses	0.00	0.00	0.00
9999 · Suspense	0.00	0.00	0.00
<b>Total Expense</b>	<b>470,139.89</b>	<b>0.00</b>	<b>470,139.89</b>
<b>Net Ordinary Income</b>	<b>415,007.23</b>	<b>0.00</b>	<b>415,007.23</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
8250 · Gift Card Revenue	0.00	0.00	0.00

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NC Board of CPA Examiners  
**Statement of Revenues & Expense - Budget v. Actual**  
 April 2016 through May 2016

	<u>Apr - May 16</u>	<u>Budget</u>	<u>\$ Over Bu...</u>
<b>Interest Income</b>			
8500 · Interest Income - MMAs	535.80	0.00	535.80
8505 · Interest Income - BB&T BUS IDA	0.00	0.00	0.00
8510 · Interest Income - CDs	2,670.29	0.00	2,670.29
8520 · Interest Income - Prudential TB	0.00	0.00	0.00
8530 · Interest Income - Wachovia MM	0.00	0.00	0.00
<b>Total Interest Income</b>	<u>3,206.09</u>	<u>0.00</u>	<u>3,206.09</u>
8200 · Rental Income	3,383.96	0.00	3,383.96
8920 · Gain on Sale of Fixed Assets	514.55	0.00	514.55
8921 · Loss on Sale of Fixed Assets	0.00	0.00	0.00
<b>Total Other Income</b>	<u>7,104.60</u>	<u>0.00</u>	<u>7,104.60</u>
<b>Other Expense</b>			
7000 · Leasing Commission	1,917.48	0.00	1,917.48
<b>Total Other Expense</b>	<u>1,917.48</u>	<u>0.00</u>	<u>1,917.48</u>
<b>Net Other Income</b>	<u>5,187.12</u>	<u>0.00</u>	<u>5,187.12</u>
<b>Change in Net Assets</b>	<u><u>420,194.35</u></u>	<u><u>0.00</u></u>	<u><u>420,194.35</u></u>

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NC Board of CPA Examiners  
**Statement of Revenues & Expenses**  
 Year-to-Date Comparison

	<u>Apr - May ...</u>	<u>Apr - May ...</u>
Ordinary Income/Expense		
Income		
Certificate Fees		
4110 · Certificates - Initial	9,700.00	8,600.00
4120 · Certificates - Reciprocal	4,800.00	5,600.00
4140 · Certificates - Renewal Fees	592,380.00	567,720.00
4150 · Certificates - Reinst/Revoked	500.00	300.00
4151 · Certificates - Reinst/Surr	1,000.00	1,100.00
Total Certificate Fees	<u>608,380.00</u>	<u>583,320.00</u>
Exam Fee Revenue		
4001 · Initial Adm Fees	41,400.00	40,480.00
4002 · Re-Exam Adm Fees	29,550.00	24,675.00
4004 · Exam Fees Revenue	206,634.82	195,436.77
4070 · Transfer Exam Grade Credit	0.00	75.00
4071 · Exam Review Fees	0.00	500.00
4072 · Exam Scholarship Coupon	-1,850.70	-959.08
Total Exam Fee Revenue	<u>275,734.12</u>	<u>260,207.69</u>
Misc		
4999 · Board Training	0.00	2,460.00
4970 · Duplicate Certificates	200.00	75.00
4990 · Miscellaneous	338.00	109.50
Total Misc	<u>538.00</u>	<u>2,644.50</u>
Partnership Fees		
4260 · Partnership Registration Fees	30.00	0.00
Total Partnership Fees	<u>30.00</u>	<u>0.00</u>
Professional Corporation Fees		
4250 · PC Registration Fees	550.00	450.00
4251 · PC Renewal Fees	-110.00	0.00
4252 · PC Renewal Fees W/Penalties	25.00	0.00
Total Professional Corporation Fees	<u>465.00</u>	<u>450.00</u>
<b>Total Income</b>	<b>885,147.12</b>	<b>846,622.19</b>
Expense		
6690 · Over & Short	0.60	-60.00
Fringe Benefits		
5031 · Retirement - NCLB Contribution	9,692.09	9,226.76
5033 · Retirement - NCLB Administr	259.00	0.00
5035 · Health Ins. Premiums	17,197.47	19,413.59
5036 · Medical Reim Plan	3,767.22	5,902.00
Total Fringe Benefits	<u>30,915.78</u>	<u>34,542.35</u>
Board Travel		
5120 · Board Travel - Board Meetings	3,343.43	2,133.16
5121 · Board Travel - Prof Meetings	14.00	0.00
5123 · Board Travel - NASBA Regional	1,811.39	0.00
5127 · Board Travel - NCACPA/Board	2,981.53	0.00
Total Board Travel	<u>8,150.35</u>	<u>2,133.16</u>

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NC Board of CPA Examiners  
**Statement of Revenues & Expenses**  
 Year-to-Date Comparison

	<u>Apr - May ...</u>	<u>Apr - May ...</u>
<b>Building Expenses</b>		
5800 · Building Maintenance	722.30	0.00
5801 · Electricity	1,812.56	1,775.51
5802 · Grounds Maintenance	280.00	280.00
5807 · Janitorial Maintenance	950.00	950.00
5810 · Trash Collection	-454.60	303.52
5811 · Water & Sewer	79.46	95.86
<b>Total Building Expenses</b>	<u>3,389.72</u>	<u>3,404.89</u>
<b>Continuing Education -Staff</b>		
5050 · Continuing Education - Staff	292.25	490.00
<b>Total Continuing Education -Staff</b>	<u>292.25</u>	<u>490.00</u>
<b>Exam Postage</b>		
5531 · Exam Postage	240.00	120.00
<b>Total Exam Postage</b>	<u>240.00</u>	<u>120.00</u>
<b>Exam Sitting and Grading</b>		
5538 · Exam Vendor Expense	192,350.16	177,590.63
<b>Total Exam Sitting and Grading</b>	<u>192,350.16</u>	<u>177,590.63</u>
<b>Investigation &amp; Hearing Costs</b>		
5221 · Staff Investigation Costs	16.50	100.00
5222 · Investigation Materials	644.98	1,129.53
5230 · Hearing Costs	2,104.69	0.00
5250 · Administrative Cost Assessed	-1,000.00	-500.00
5260 · Civil Penalties Assessed	-3,500.00	-3,000.00
5261 · Civil Penalties Remitted	450.00	1,896.60
<b>Total Investigation &amp; Hearing Costs</b>	<u>-1,283.83</u>	<u>-373.87</u>
<b>Legal Expense</b>		
5140 · Legal Counsel - Administrative	3,504.00	3,500.00
5211 · Legal Counsel - Litigation	1,869.49	285.00
<b>Total Legal Expense</b>	<u>5,373.49</u>	<u>3,785.00</u>
<b>Misc Personnel</b>		
5034 · Misc. Payroll Deduction	0.00	0.00
5037 · HSA Deduction	0.00	0.00
5090 · Flowers, Gifts, Etc.	302.58	0.00
5092 · Misc. Personnel Costs	65.55	104.66
<b>Total Misc Personnel</b>	<u>368.13</u>	<u>104.66</u>
<b>Office Expense</b>		
5301 · Equipment Rent	156.00	312.00
5320 · Payroll Service	295.29	283.80
5360 · Telephone	508.60	531.72
5361 · Internet & Website	1,443.60	725.78
5390 · Clipping Service	294.44	305.73
5400 · Computer Prog/Assistance	1,635.92	870.00
5405 · Computer Software Maintenance	5,871.25	3,455.47
5410 · Dues	470.00	450.00
5440 · Misc Office Expense	390.00	210.00

06/03/16

NC Board of CPA Examiners  
**Statement of Revenues & Expenses**  
 Year-to-Date Comparison

	<u>Apr - May ...</u>	<u>Apr - May ...</u>
5445 · Banking Fees	521.28	258.23
5450 · Credit Card Fees	11,840.09	8,468.64
<b>Total Office Expense</b>	<u>23,426.47</u>	<u>15,871.37</u>
<b>Per Diem - Board</b>		
5110 · Per Diem - Board Meetings	2,200.00	1,400.00
5111 · Per Diem - Prof Meetings	250.00	0.00
5114 · Per Diem - NASBA Committees	150.00	50.00
<b>Total Per Diem - Board</b>	<u>2,600.00</u>	<u>1,450.00</u>
<b>Postage</b>		
5345 · Postage - UPS	2,000.00	4,300.00
5340 · Postage - Other	1,100.00	550.00
5341 · Postage - Newsletter	11,000.00	11,200.00
5342 · Postage - Business Reply	300.00	150.00
5343 · Postage - Renewal	360.00	180.00
<b>Total Postage</b>	<u>14,760.00</u>	<u>16,380.00</u>
<b>Printing</b>		
5330 · Printing - Other	1,049.80	956.68
5331 · Printing - Newsletter	8,981.41	10,385.72
<b>Total Printing</b>	<u>10,031.21</u>	<u>11,342.40</u>
<b>Repairs &amp; Maintenance</b>		
5381 · Maintenance - Copiers	0.00	212.21
5383 · Maintenance - Postage	490.00	0.00
<b>Total Repairs &amp; Maintenance</b>	<u>490.00</u>	<u>212.21</u>
<b>Salaries &amp; Payroll Taxes</b>		
5040 · State Unemployment Tax	0.00	667.12
5010 · Staff Salaries	161,537.05	153,781.11
5020 · Part-Time Staff Salaries	2,343.13	2,550.50
5030 · FICA Taxes	12,609.58	12,114.75
<b>Total Salaries &amp; Payroll Taxes</b>	<u>176,489.76</u>	<u>169,113.48</u>
<b>Scholarships</b>		
5535 · Scholarship	0.00	5,000.00
<b>Total Scholarships</b>	<u>0.00</u>	<u>5,000.00</u>
<b>Staff Travel</b>		
5060 · Staff Travel - Local	81.72	18.00
5061 · Staff Travel - Prof Mtgs	1,469.55	973.97
5072 · Staff Travel - NASBA ED/Legal	-635.96	-239.20
5076 · Staff Travel - NCACPA/Board	330.12	0.00
<b>Total Staff Travel</b>	<u>1,245.43</u>	<u>752.77</u>
<b>Subscriptions/References</b>		
5370 · Subscriptions/References	24.50	24.00
<b>Total Subscriptions/References</b>	<u>24.50</u>	<u>24.00</u>

06/03/16

NC Board of CPA Examiners  
**Statement of Revenues & Expenses**  
 Year-to-Date Comparison

	<u>Apr - May ...</u>	<u>Apr - May ...</u>
<b>Supplies</b>		
5350 · Supplies - Office	514.28	2,549.12
5351 · Supplies - Copier	594.60	0.00
5352 · Supplies - Computer	166.99	490.00
<b>Total Supplies</b>	<u>1,275.87</u>	<u>3,039.12</u>
<b>Total Expense</b>	<u>470,139.89</u>	<u>444,922.17</u>
<b>Net Ordinary Income</b>	415,007.23	401,700.02
<b>Other Income/Expense</b>		
<b>Other Income</b>		
<b>Interest Income</b>		
8500 · Interest Income - MMAs	535.80	289.79
8510 · Interest Income - CDs	2,670.29	2,437.14
<b>Total Interest Income</b>	<u>3,206.09</u>	<u>2,726.93</u>
8200 · Rental Income	3,383.96	5,463.90
8920 · Gain on Sale of Fixed Assets	514.55	0.00
<b>Total Other Income</b>	<u>7,104.60</u>	<u>8,190.83</u>
<b>Other Expense</b>		
7000 · Leasing Commission	1,917.48	0.00
<b>Total Other Expense</b>	<u>1,917.48</u>	<u>0.00</u>
<b>Net Other Income</b>	<u>5,187.12</u>	<u>8,190.83</u>
<b>Change in Net Assets</b>	<u><b>420,194.35</b></u>	<u><b>409,890.85</b></u>

*North Carolina State Board of Certified Public Accountant Examiners  
2016-2017 Proposed Budget*

<u>Operating Budget</u>	<i>Prior Year Budget</i> 2015-2016	<i>Prior Year Actual</i> 2015-2016	<i>Approved Budget</i> 2016-2017	Ref
Revenues	\$ 2,797,364	\$ 2,973,024	\$ 3,078,985	A
Expenses:				
Personnel	1,285,575	1,196,872	1,317,013	B
Board & Legal	139,822	117,799	136,128	C
Office	365,000	361,970	370,240	D
Examination	1,001,400	1,021,553	1,101,800	E
Scholarship	11,000	5,500	0	
Building	39,500	35,559	42,800	F
Leasing Commission	0	0	2,000	
Miscellaneous	10,000	0	0	
Bad Debt Expense	0	0	0	
Capital Expenses	31,250	20,447	126,445	
Total	2,883,547	2,759,700	3,096,426	
Estimated Change in Net Assets (Before Depreciation)	\$ (86,183)	\$ 213,323	\$ (17,441)	
 <u>Capital Budget</u> 				
Hardware	\$ 23,750	\$ 17,447	\$ 10,500	
Software	7,500	3,000	7,500	
Roof Replacement	0	0	55,000	
HVAC Replacement	0	0	53,445	
Total	\$ 31,250	\$ 20,447	\$ 126,445	

## Notes to the Budget

### **Overall Budget**

For 2016-2017:

- Overall revenue is budgeted at an increase of \$281,621 (10.07%) with overall expenditures increasing by \$212,878 (7.38%).
- Personnel expenses are budgeted at an increase of \$31,437 (2.45%).
- Board and legal expenses are budgeted at a decrease of \$3,694 (-2.64%).
- Office expenses are budgeted at an increase of \$5,240 (1.44%).
- Examination expenses are budgeted at an increase of \$100,400 (10.03%).
- Scholarship expenses are budgeted to go to zero due to change to coupons.
- Building expenses are budgeted at an increase of \$3,300 (8.35%).
- Other expenses consist of leasing commission expenses and capital project costs. The capital budget includes the cost of Board server maintenance plans (\$7,500), the rotational replacement of staff computers (\$10,000), and the roof and HVAC replacement projects (\$108,445).

### **Revenue Budget**

- Examination fees are budgeted to increase by approximately \$197,250. The majority of this increase (\$150,000) is related to an increase in the proposed number of exam sections to be taken. With the exam changing Spring 2017, it is anticipated that more persons will try to complete their exam requirements.
- Certificate fees are budgeted to increase by \$59,500 as the numbers of new licensees (\$10,000) have increased over the last two years along with the related renewal fees (\$47,000).
- Examination fees (52%) and certificate fees (44%) represent (96%) of the total revenue budget for the 2016-2017 year.
- Rental income shows an increase of approximately \$16,000 as we have new agreement with new tenant going forward.

- The interest income budget for 2016-2017 is based on an expectation that rates will remain stable and our current year earnings will be similar to the prior year.

#### **Personnel Expense**

- Personnel budget includes salary increases as previously approved by the Board for staff.
- Part time personnel costs include amounts for (2) college interns (\$6,000).
- Health insurance budget reflects the anticipated costs for employee insurance plans reflecting current trends in increasing health plan costs.

#### **Board & Legal Expenses**

- Board travel budget and per diem budget remain similar to the prior year. Budget is based on anticipated travel costs for current year NASBA meeting locations and the allowance for each Board member's attendance at planned events.
- Actual legal costs for 2015-2016 were approximately \$4,000 under the prior year budget, primarily related to increased collections of administrative costs related to Board cases. Collected administrative costs are used to net the overall legal costs to the Board. The 2016-2017 recommended budget for legal expenses of \$52,500 includes a negotiated lower fixed fee contract with outside counsel as well as lower budgeted collection of administrative costs.

#### **Office Expenses**

- Office expense budget was increased by approximately \$5,240 from the prior year.
- The most significant changes in this area address the anticipated increases in postage and printing for newsletter mailing services and increasing costs of services necessary for the Board to operate (upgrade of internet services to fiber optic, computer software maintenance, and credit card fees).

### **Examination Expense**

- Exam sitting and grading fees are budgeted based on the 2015-20165 actual with an anticipated increase of about 10% in exam sections taken. Current year budget reflects an increase of \$100,000 from the prior year budget.

### **Building Expense**

- Building expense budget increased by \$3,300. The increase is related to planned maintenance on inside and outside of building including carpet cleaning and power washing of building to remove build-up of wasp nests. Current year building budget remains in-line with building expense costs over the past several years.

*North Carolina State Board of Certified Public Accountant Examiners*  
***Proposed Revenue Budget***

	<i>Prior Year Budget</i>		<i>Prior Year Actual</i>		<i>Approved Budget</i>
	<u>2015-2016</u>		<u>2015-2016</u>		<u>2016-2017</u>
Examination Fees					
Initial Admin Fees	\$ 224,250		\$ 229,770		\$ 241,500
Re-Exam Fees	157,500		179,400		187,500
Exam Fees Revenue	1,050,000		1,124,225		1,200,000
Exam Coupon	(41,240)		(15,390)		(41,240)
Exam Review Fees	0		200		0
Equivalency Exam Fees	0		0		0
Grade Transfer Fees	0		75		0
Total Exam Fees	<u>1,390,510</u>		<u>1,518,280</u>		<u>1,587,760</u>
Certificate Fees					
Initial	60,000 (600/100)		65,700 (657/100)		70,000 (700/100)
Reciprocal	30,000 (300/100)		31,900 (319/100)		32,000 (320/100)
Renewals	1,183,500 (19725/60)		1,203,060 (20051/60)		1,230,000 (20500/60)
Reinstatements	10,000 (100/100)		11,100 (111/100)		11,000 (110/100)
Total Certificate Fees	<u>1,283,500</u>		<u>1,311,760</u>		<u>1,343,000</u>
Firm Registrations					
Partnership Renewal	36,500		39,170		39,000
PC Initial	4,500		4,900		4,500
PC Renewal	35,000		37,840		38,000
Partnership Registration	0		0		0
Total Firm Registrations	<u>76,000</u>		<u>81,910</u>		<u>81,500</u>
Miscellaneous Income	1,500		1,397		1,500
Rental Income	21,854		21,856		37,225
Gain on Fixed Assets	0		0		0
Interest	16,000		19,521		20,000
Gift Cards	8,000		18,300		8,000
Other	0		0		0
Total Revenues	<u>\$ 2,797,364</u>		<u>\$ 2,973,024</u>		<u>\$ 3,078,985</u>

*North Carolina State Board of Certified Public Accountant Examiners  
Proposed Personnel Expense Budget*

	<i>Prior Year Budget</i>	<i>Prior Year Actual</i>	<i>Approved Budget</i>	Ref
	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>	
Full Time Staff	\$ 907,841	\$ 876,297	\$ 933,132	
Part Time Staff	18,123	14,403	18,123	
Taxes - FICA	70,836	65,088	72,771	
Taxes - State Unemployment	2,800	1,149	0	
Retirement Contributions	54,470	52,476	55,988	
Retirement - NCLB Admin Fee	2,000	1,733	3,500	
Insurance - Health	177,000	148,211	187,000	
Staff CPE	4,000	3,273	5,000	
Staff Travel	44,005	30,374	36,999	B1
Miscellaneous	4,500	3,867	4,500	
<b>Total Personnel Expense</b>	<u>\$ 1,285,575</u>	<u>\$ 1,196,872</u>	<u>\$ 1,317,013</u>	

*North Carolina State Board of Certified Public Accountant Examiners  
Proposed Staff Meeting Expense Budget*

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	<u>Mtgs</u>	<u>Staff</u>	<u>Days</u>	<u>Rate</u>					<i>Approved Budget 2016-2017</i>
				<u>Air</u>	<u>Reg</u>	<u>Hotel</u>	<u>Meal</u>		
NASBA Meetings									
Annual	1	3	4	350	750	285	50	\$	7,320
Regional	1	2	3	150	695	259	50		3,544
Executive Director/Legal	1	7	4	350	695	265	50		16,135
Other Meetings									
Professional									<u>10,000</u>
Total Staff Meeting Expense								\$	<u><u>36,999</u></u>

*North Carolina State Board of Certified Public Accountant Examiners*  
*Proposed Board & Legal Expense Budget*

	<i>Prior Year Budget</i>	<i>Prior Year Actual</i>	<i>Approved Budget</i>	<i>Ref</i>
<u>Board Expense</u>	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>	
Board Travel	\$ 56,522	\$ 48,985	\$ 56,528	C1
Per Diem	26,300	16,312	27,100	C1
Clerical Reimbursement	0	0	0	
<b>Total Board Expense</b>	<b>\$ 82,822</b>	<b>\$ 65,297</b>	<b>\$ 83,628</b>	
 <u>Legal Expense</u>				
Legal Counsel Fees - Admin/Prof Stds	\$ 42,000	\$ 42,117	\$ 36,000	
Legal Counsel Fees - Litigation	10,000	29,489	10,000	
Investigation Cost	10,000	12,265	11,500	
Hearing Cost	5,000	3,833	5,000	
Reimbursements - Net	(10,000)	(35,201)	(10,000)	
<b>Total Legal Expense</b>	<b>\$ 57,000</b>	<b>\$ 52,502</b>	<b>\$ 52,500</b>	
<b>Total Board and Legal Expense</b>	<b>\$ 139,822</b>	<b>\$ 117,799</b>	<b>\$ 136,128</b>	

***North Carolina State Board of Certified Public Accountant Examiners  
Proposed Board Travel & Per Diem Expense Budget***

<u>Board Travel</u>					<i>Approved Budget 2016-2017</i>
	<u>Mtgs</u>	<u>Members</u>	<u>Days</u>	<u>Rate</u>	
Regular Board Meetings					
Hotel	12	5	1	160	\$ 9,600
Meals	12	5	1	40	2,400
Travel	12	5	1		12,288
					<u>24,288</u>
NASBA Annual Meeting					
Hotel	1	7	4	285	7,980
Meals	1	7	4	50	1,400
Travel	1	7	1	350	2,450
Registration	1	7	1	750	5,250
					<u>17,080</u>
NASBA Regional Meeting					
Hotel	1	5	3	259	3,885
Meals	1	5	3	50	750
Travel	1	5	1	250	1,250
Registration	1	5	1	695	3,475
					<u>9,360</u>
AICPA Council Meetings					
Hotel	2	2	3	300	3,600
Meals	2	2	3	50	600
Travel	2	2	1	400	1,600
					<u>5,800</u>
 Total Board Meeting Expense					 <u>\$ 56,528</u>
 <b><u>Board Per Diem</u></b>					
Regular Meeting	12	7	2	100	\$ 16,800
Professional Meetings				100	4,000
NASBA					
Annual Meeting	1	7	5	100	3,500
Regional Meeting	1	7	4	100	2,800
 Total Board Per Diem Expense					 <u>\$ 27,100</u>

*North Carolina State Board of Certified Public Accountant Examiners  
Proposed Office Expense Budget*

	<i>Prior Year Budget</i>	<i>Prior Year Actual</i>	<i>Approved Budget</i>
	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>
Office Decorations	\$ 250	\$ 238	\$ 250
Equipment Rental	1,000	780	1,000
Printing	60,000	71,855	72,000
Postage	100,000	99,523	105,000
Supplies	12,000	10,706	12,000
Telephone	7,500	6,047	7,000
Internet & Website	7,620	4,355	5,000
Subscriptions	4,400	1,673	3,000
Repairs & Maintenance	6,000	2,732	5,000
Clipping Service	4,000	3,550	4,000
Computer Software Maintenance	45,000	50,461	55,000
Computer Software	5,000	2,490	5,000
Dues	8,200	7,800	8,200
Insurance	15,600	16,101	16,800
Miscellaneous	3,500	1,155	3,500
Audit Fees	8,730	8,730	8,990
Credit Card Fees	45,000	49,382	52,000
Banking Fees	3,200	3,210	3,500
Contracted Copy Service	25,000	19,326	0
Payroll Service	2,000	1,856	2,000
Consulting Fees	1,000	0	1,000
<b>Total Office Expense</b>	<b>\$ 365,000</b>	<b>\$ 361,970</b>	<b>\$ 370,240</b>

*North Carolina State Board of Certified Public Accountant Examiners  
Proposed Examination Expense Budget*

	<i>Prior Year Budget</i>	<i>Prior Year Actual</i>	<i>Approved Budget</i>
	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>
Exam Sitting & Grading	\$ 1,000,000	\$ 1,019,993	\$ 1,100,000
Exam Postage	1,400	1,560	1,800
Total Examination Expense	<u>\$ 1,001,400</u>	<u>\$ 1,021,553</u>	<u>\$ 1,101,800</u>

*North Carolina State Board of Certified Public Accountant Examiners  
Proposed Building Expense Budget*

	<i>Prior Year Budget</i>	<i>Prior Year Actual</i>	<i>Approved Budget</i>
	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>
Building Maintenance	\$ 1,000	\$ 249	\$ 2,500
Electricity	12,000	11,919	12,000
Grounds Maintenance	3,000	2,898	5,000
Heat & Air Maintenance	7,000	5,545	6,000
Improvements	2,000	0	2,000
Insurance	4,500	4,459	4,500
Janitorial Maintenance	6,000	5,700	6,000
Trash Collection	200	1,328	1,000
Water & Sewer	1,100	992	1,100
Security	2,500	2,320	2,500
Pest Control	200	150	200
Total Building Expense	<u>\$ 39,500</u>	<u>\$ 35,559</u>	<u>\$ 42,800</u>

North Carolina State Board of Certified Public Accountant Examiners  
 Budget History

	<i>Proposed Budget</i> 2016-2017	<i>Fiscal Year Budget</i> 2015-2016	<i>Fiscal Year Budget</i> 2014-2015	<i>Fiscal Year Budget</i> 2013-2014	<i>Fiscal Year Budget</i> 2012-2013	<i>Fiscal Year Budget</i> 2011-2012	<i>Fiscal Year Budget</i> 2010-2011
<b>Operating Budget</b>							
Revenues	\$ 3,078,985	\$ 2,797,364	\$ 2,731,395	\$ 2,782,204	\$ 2,853,054	\$ 2,845,688	\$ 2,672,502
Expenses:							
Personnel	1,317,013	1,285,576	1,290,674	1,268,114	1,292,764	1,149,809	1,053,035
Board & Legal	136,128	139,822	123,495	128,799	123,190	150,441	218,610
Office	370,240	365,000	329,300	321,800	303,000	311,825	318,350
Examination	1,101,800	1,001,400	926,400	1,001,400	1,078,300	1,154,000	1,150,000
Scholarship	0	11,000	11,000	10,000	11,000	0	0
Building	42,800	39,500	51,050	37,350	51,530	58,901	32,000
Other/Capital	128,445	41,250	17,500	32,635	5,000	11,300	10,000
<b>Total</b>	<b>3,096,426</b>	<b>2,883,548</b>	<b>2,749,419</b>	<b>2,800,098</b>	<b>2,864,784</b>	<b>2,836,276</b>	<b>2,781,995</b>
Estimated Change in Net Assets (Before Depreciation)	\$ (17,441)	\$ (86,184)	\$ (18,024)	\$ (17,894)	\$ (11,730)	\$ 9,412	\$ (109,493)

	Proposed Budget 2016-2017	Fiscal Year Budget 2015-2016	Fiscal Year Budget 2014-2015	Fiscal Year Budget 2013-2014	Fiscal Year Budget 2012-2013	Fiscal Year Budget 2011-2012	Fiscal Year Budget 2010-2011	CY vs PY Chg
<b>Operating Budget</b>								
Revenues	\$ 3,078,985 10.07%	\$ 2,797,364 2.42%	\$ 2,731,395 -1.83%	\$ 2,782,204 -2.48%	\$ 2,853,054 0.26%	\$ 2,845,688 6.48%	\$ 2,672,502	281,621
Expenses:								
Personnel	1,317,013 2.45%	1,285,576 -0.39%	1,290,674 1.78%	1,268,114 -1.91%	1,292,764 12.43%	1,149,809 9.19%	1,053,035	31,437
Board & Legal	136,128 -2.64%	139,822 13.22%	123,495 -4.12%	128,799 4.55%	123,190 -18.11%	150,441 -31.18%	218,610	(3,694)
Office	370,240 1.44%	365,000 10.84%	329,300 2.33%	321,800 6.20%	303,000 -2.83%	311,825 -2.05%	318,350	5,240
Examination	1,101,800 10.03%	1,001,400 8.10%	926,400 -7.49%	1,001,400 -7.13%	1,078,300 -6.56%	1,154,000 0.35%	1,150,000	100,400
Scholarship	0 -100.00%	11,000 0.00%	11,000 10.00%	10,000 0.00%	10,000 100.00%	0 0.00%	0	(11,000)
Building	42,800 8.35%	39,500 -22.62%	51,050 36.68%	37,350 -27.52%	51,530 -12.51%	58,901 84.07%	32,000	3,300
Other	128,445 211.38%	41,250 135.71%	17,500 -46.38%	32,635 552.70%	5,000 -55.75%	11,300 13.00%	10,000	87,195
<b>Total</b>	<b>3,096,426 7.38%</b>	<b>2,883,548 4.88%</b>	<b>2,749,419 -1.81%</b>	<b>2,800,098 -2.22%</b>	<b>2,863,784 0.97%</b>	<b>2,836,276 1.95%</b>	<b>2,781,995</b>	<b>212,878</b>
Estimated Change in Net Assets (Before Depreciation)	\$ (17,441)	\$ (86,184)	\$ (18,024)	\$ (17,894)	\$ (11,730)	\$ 9,412	\$ (109,493)	

## Draft Rule-Making Schedule for 2016 as Recommended by Staff

- January 25, 2016 – discussion of rules and draft rule-making schedule
- February 22, 2016 – continued discussion of rules
- March 23, 2016 – continued discussion of rules
- April 25, 2016 – draft rules presented and discussed
- May 19, 2016 - continued discussion of draft rules
- June 23, 2016 –continued discussion of draft rules
- July 22, 2016 - continued discussion of draft rules
- August 22, 2016 - proposed rules presented and voted on to send to the Rules Review Commission (RRC) for publication in the NC Register
- September 12, 2016 – filing deadline for publication in the NC Register
- October 3, 2016 – published in the NC Register
- October 27, 2016 – public rule-making hearing
- December 2, 2016 – public comment period ends
- December 19, 2016 – final action by the Board on the proposed rules
- December 20, 2016 – file rules with the RRC
- January 2017 – review by the RRC at its meeting
- February 1, 2017 – effective date of rules

1 **21 NCAC 08A .0301 DEFINITIONS**

2  
3 (a) The definitions set out in G.S. 93-1(a) apply when those defined terms are used in this Chapter.

4 (b) In addition to the definitions set out in G.S. 93-1(a), the following definitions apply when these terms are used  
5 in this Chapter:

- 6 (1) "Active," when used to refer to the status of a person, describes a person who possesses a North  
7 Carolina certificate of qualification and who has not otherwise been granted "Inactive" status;
- 8 (2) "Agreed-upon procedures" means a professional service whereby a CPA is engaged to issue a  
9 report of findings based on specific procedures performed on identified subject matter;
- 10 (3) "AICPA" means the American Institute of Certified Public Accountants;
- 11 (4) "Applicant" means a person who has applied to take the CPA examination or applied for a  
12 certificate of qualification;
- 13 (5) "Attest service" means a professional service whereby a CPA in the practice of public accounting  
14 is engaged to issue or does issue:
- 15 (A) any audit or engagement to be performed in accordance with the Statements on Auditing  
16 Standards, Statements on Generally Accepted Governmental Auditing Standards, Public  
17 Company Accounting Oversight Board Auditing Standards, and International Standards  
18 on Auditing;
- 19 (B) any review or engagement to be performed in accordance with the Statements on  
20 Standards for Accounting and Review Services;
- 21 (C) any compilation or engagement to be performed in accordance with the Statements on  
22 Standards for Accounting and Review Services; or
- 23 (D) any engagement to be performed in accordance with the Statements on Standards for  
24 Attestation Engagements;
- 25 (6) "Audit" means a professional service whereby a CPA is engaged to examine financial statements,  
26 items, accounts, or elements of a financial statement prepared by management, in order to express  
27 an opinion on whether the financial statements, items, accounts, or elements of a financial  
28 statement are presented in conformity with an applicable reporting framework, that enhances the  
29 degree of confidence that intended users can place on the financial statements, items, accounts, or  
30 elements of a financial statement;
- 31 (7) "Calendar year" means the 12 months beginning January 1 and ending December 31;
- 32 (8) "Candidate" means a person whose application to take the CPA examination has been accepted by  
33 the Board and who may sit for the CPA examination;
- 34 (9) "Client" means a person or an entity who orally or in writing agrees with a licensee to receive any  
35 professional services performed or delivered;
- 36 (10) "Commission" means compensation, except a referral fee, for recommending or referring any  
37 product or service to be supplied by another person;
- 38 (11) "Compilation" means a professional service whereby a CPA is engaged to present, in the form of  
39 financial statements, information that is the representation of management without undertaking to  
40 express any assurance on the statements;
- 41 (12) "Contingent fee" means a fee established for the performance of any service pursuant to an  
42 arrangement in which no fee will be charged unless a specified finding or result is attained, or in  
43 which the amount of the fee is otherwise dependent upon the finding or result of such service;
- 44 (13) "CPA" means certified public accountant;
- 45 (14) "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a professional  
46 limited liability company, or a registered limited liability partnership that uses "certified public  
47 accountant(s)" or "CPA(s)" in or with its name or offers to or renders any attest services in the  
48 public practice of accountancy;
- 49 (15) "CPE" means continuing professional education;
- 50 (16) "Disciplinary action" means revocation or suspension of, or refusal to grant a certificate, or the  
51 imposition of a reprimand, probation, constructive comment, or any other penalty or condition;
- 52 (17) "FASB" means the Financial Accounting Standards Board;
- 53 (18) "Firm network" means an association of entities that includes one or more firms that cooperate for  
54 the purpose of enhancing the firms' capabilities to provide professional services and share one or  
55 more of the following characteristics:
- 56 (A) the use of a common brand name, including initials, as part of the firm name;

- 1 (B) common control among the firms through ownership, management, or other means;  
2 (C) profits or costs, excluding costs of operating the association; costs of developing audit  
3 methodologies, manuals, and training courses; and other costs that are immaterial to the  
4 firm;  
5 (D) common business strategy that involves ongoing collaboration amongst the firms  
6 whereby the firms are responsible for implementing the association's strategy and are  
7 accountable for performance pursuant to that strategy;  
8 (E) significant part of professional resources; or  
9 (F) common quality control policies and procedures that firms are required to implement and  
10 that are monitored by the association;  
11 (19) "GASB" means the Governmental Accounting Standards Board;  
12 (20) "Inactive," when used to refer to the status of a person, describes a person who has requested  
13 inactive status and has been approved by the Board and who does not use the title "certified public  
14 accountant," nor does he or she allow anyone to refer to him or her as a "certified public  
15 accountant," and neither he nor she nor anyone else refers to him or her in any representation as  
16 described in Rule .0308(b) of this Section;  
17 (21) "IRS" means the Internal Revenue Service;  
18 (22) "Jurisdiction" means any state or territory of the United States or the District of Columbia;  
19 (23) "License year" means the 12 months beginning July 1 and ending June 30;  
20 (24) "Member of a CPA firm" means any CPA who has an equity ownership interest in a CPA firm;  
21 (25) "NASBA" means the National Association of State Boards of Accountancy;  
22 (26) "NCACPA" means the North Carolina Association of Certified Public Accountants;  
23 (27) "North Carolina office" means any office physically located in North Carolina;  
24 (28) "Person" means any natural person, corporation, partnership, professional limited liability  
25 company, registered limited liability partnership, unincorporated association, or other entity;  
26 (29) "Professional" means arising out of or related to the particular knowledge or skills associated with  
27 CPAs;  
28 (30) "Referral fee" means compensation for recommending or referring any service of a CPA to any  
29 person;  
30 (31) "Revenue Department" means the North Carolina Department of Revenue;  
31 (32) "Review" means a professional service whereby a CPA is engaged to perform procedures, limited  
32 to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited  
33 assurance on whether any material modifications should be made to the financial statements for  
34 them to be in conformity with generally accepted accounting principles or other comprehensive  
35 basis of accounting;  
36 (33) "Reviewer" means a member of a review team including the review team captain;  
37 (34) "Suspension" means a revocation of a certificate for a specified period of time. A CPA may be  
38 reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at  
39 the time of suspension;  
40 (35) "Trade name" means a name used to designate a business enterprise;  
41 (36) "Work papers" mean the CPA's records of the procedures applied, the tests performed, the  
42 information obtained, and the conclusions reached in attest services, tax services, consulting  
43 services, special report services, or other engagements. Work papers include programs used to  
44 perform professional services, analyses, memoranda, letters of confirmation and representation,  
45 checklists, copies or abstracts of company documents, and schedules of commentaries prepared or  
46 obtained by the CPA. The forms include handwritten, typed, printed, word processed,  
47 photocopied, photographed, and computerized data, or in any other form of letters, words,  
48 pictures, sounds or symbols; and  
49 (37) "Work product" means the end result of the engagement for the client that may include a tax  
50 return, attest or assurance report, consulting report, and financial plan. The forms include  
51 handwritten, typed, printed, word processed, photocopied, photographed, and computerized data,  
52 or in any other form of letters, words, pictures, sounds, or symbols.

53 (c) Any requirement to comply by a specific date to the Board that falls on a weekend or federal holiday shall be  
54 received as in compliance if postmarked by U.S. Postal Service cancellation by that date, if received by a private  
55 delivery service by that date, or received in the Board office on the next business day.  
56

1 *History Note: Authority G.S. 93-1; 93-12; 93-12(3);*  
2 *Eff. February 1, 1976;*  
3 *Readopted Eff. September 26, 1977;*  
4 *Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; April 1,*  
5 *1999; August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992;*  
6 *Readoped Eff. February 1, 2016.*  
7

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1 21 NCAC 08I.0101 COMPLAINTS

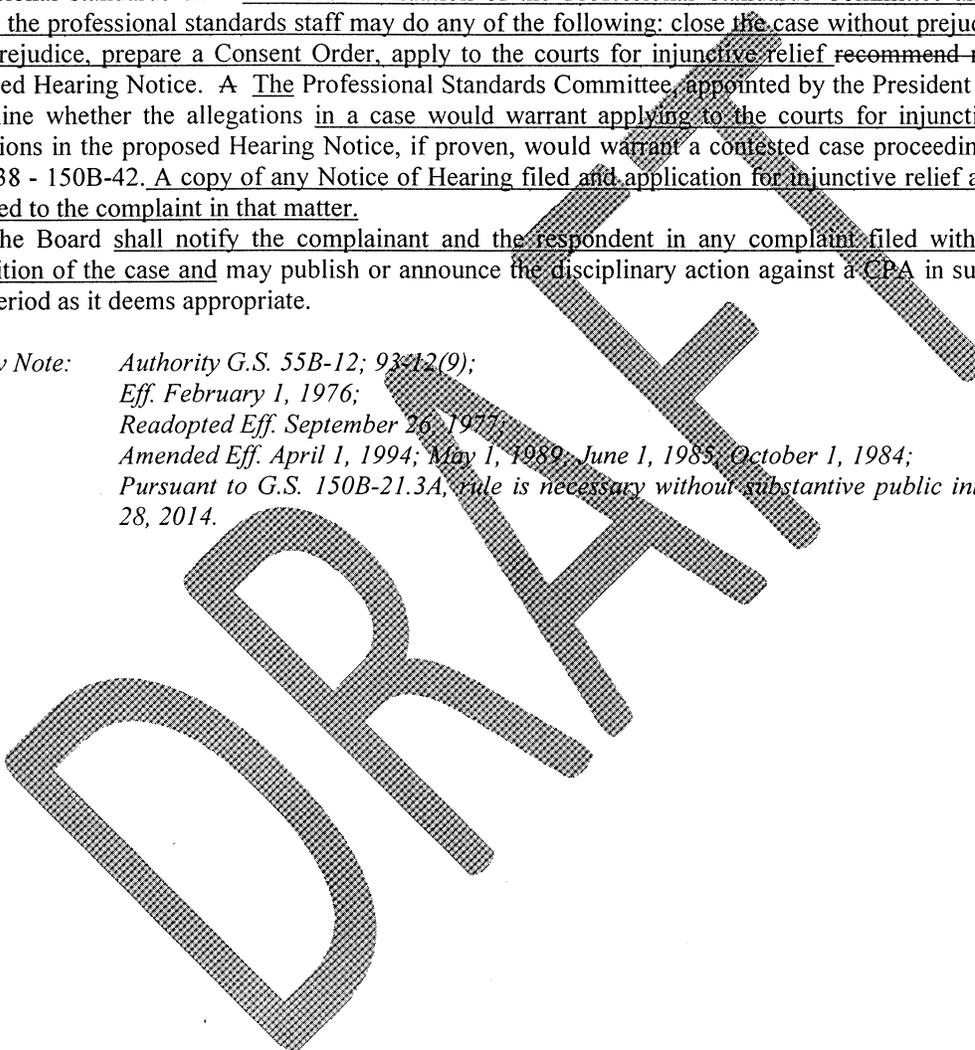
2  
3 (a) Any person may file a petition complaint against a CPA with the Board on forms provided by the Board for  
4 appropriate disciplinary action against a CPA for violations of the NCGS 93 and 21 NCAC Chapter 08.

5 (b) ~~The petition complaint shall set forth in simple language the facts upon which the petition complaint is based.~~  
6 ~~It shall bear an affidavit of the~~ The complainant petitioner stating shall affirm that he or she believes the facts  
7 stated in the petition complaint are true and that he or she is prepared to prove them at a hearing.

8 (c) ~~The petition complaint shall be filed in the office of the Board. The Board's professional standards staff shall~~  
9 open a case file, notify the complainant of receipt of the complaint, notify and provide a copy of the complaint to the  
10 respondent named in the complaint, and conduct any appropriate investigation. Based upon its investigation, the  
11 professional standards staff and recommendation of the Professional Standards Committee and approval of the  
12 Board, the professional standards staff may do any of the following: close the case without prejudice, close the case  
13 with prejudice, prepare a Consent Order, apply to the courts for injunctive relief recommend may and prepare a  
14 proposed Hearing Notice. A The Professional Standards Committee, appointed by the President of the Board, shall  
15 determine whether the allegations in a case would warrant applying to the courts for injunctive relief and the  
16 allegations in the proposed Hearing Notice, if proven, would warrant a contested case proceeding pursuant to G.S.  
17 150B-38 - 150B-42. A copy of any Notice of Hearing filed and application for injunctive relief applied for shall be  
18 provided to the complainant in that matter.

19 (d) ~~The Board shall notify the complainant and the respondent in any complaint filed with the Board of the~~  
20 disposition of the case and may publish or announce the disciplinary action against a CPA in such manner and for  
21 such period as it deems appropriate.

22  
23 *History Note: Authority G.S. 55B-12; 93-12(9);*  
24 *Eff. February 1, 1976;*  
25 *Readopted Eff. September 26, 1977;*  
26 *Amended Eff. April 1, 1994; May 1, 1989; June 1, 1985; October 1, 1984;*  
27 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October*  
28 *28, 2014.*  
29



1 21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED

2  
3 (a) A CPA shall not engage in conduct discreditable to the accounting profession.

4 (b) Prohibited discreditable conduct includes:

- 5 (1) acts that reflect adversely on the CPA's honesty, integrity, trustworthiness, good moral character,  
6 or fitness as a CPA;  
7 (2) stating or implying an ability to improperly influence a governmental agency or official;  
8 (3) failing to comply with any order issued by the Board;  
9 (4) failing to fulfill the terms of a peer review engagement contract;  
10 (5) misrepresentation in reporting CPE credits; or  
11 (6) entering into any settlement or other resolution of a dispute that purports to keep its contents  
12 confidential from the Board.  
13 (7) failing to participate in a peer review program pursuant to 08M.0105 of this Chapter.

14  
15 *History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(3); 93-12(9).*  
16 *Eff. April 1, 1994;*  
17 *Amended Eff. January 1, 2014; January 1, 2004; August 1, 1995.*  
18

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1 **21 NCAC 08N .0305 RETENTION OF CLIENT RECORDS**

2  
3 (a) Return Upon Demand. A CPA shall return client records in his or her possession to the client after a demand is  
4 made for their return. The records shall be returned upon demand unless circumstances make some delay reasonable  
5 in order to retrieve a closed file or to extract the CPA's work papers described in Paragraph (f) of this Rule. If the  
6 records cannot be returned upon demand, the CPA shall immediately notify the client of the date the records will be  
7 returned. Nothing in this Rule shall be interpreted to require a CPA to pay delivery costs when the records are  
8 returned to the client.

9 (b) Who May Demand Client Records. If the client is a partnership, records shall be returned upon request to any of  
10 its general partners. If the client is a limited partnership or a registered limited liability partnership, records shall be  
11 returned upon request to its general partner(s) and the managing partner, or his or her designated individual  
12 respectively. If the client is a corporation, records shall be returned upon request to its president. If the client is a  
13 limited liability company, records shall be returned upon request to the manager. Joint records shall be returned  
14 upon request to any party to the record.

15 (c) Return of Original Records. If the engagement is terminated prior to completion or the CPA's work product has  
16 neither been received nor paid for by the client, the CPA shall be required to return only those records originally  
17 given to the CPA by the client.

18 ~~(d) Retention of Work Product and Working Papers to Force Payment. A CPA shall provide completed work~~  
19 ~~product and work papers included in client records if all fees for that engagement have been paid. A CPA is not~~  
20 ~~required to provide work product and work papers included in client records if fees are due for that engagement, the~~  
21 ~~work product is incomplete, there are professional issues, and or there is threatened litigation. not retain a client's~~  
22 ~~records in order to force payment of any kind.~~

23 (e) Work Papers Included in Client Records. Work papers are usually the CPA's property and need not be  
24 ~~surrendered~~ returned to the client. However, in some instances, work papers may contain data that should be  
25 reflected in the client's books and records but for convenience have not been duplicated therein with the result that  
26 the client's records are incomplete. In such instances, the portion of the work papers containing such data constitutes  
27 part of the client's records, and copies shall be given to the client along with the rest of the client's records. Work  
28 papers considered part of the client's records include but are not limited to:

- 29 (1) worksheets in lieu of original entry (such as listings and distributions of cash receipts or cash  
30 disbursements on columnar work paper);
- 31 (2) worksheets in lieu of general ledger or subsidiary ledgers, such as accounts receivable, job cost  
32 and equipment ledgers, or similar types of depreciation records;
- 33 (3) all adjusting and closing journal entries and supporting details not fully set forth in the journal  
34 entry; and
- 35 (4) consolidating or combining journal entries and worksheets and supporting detail used in arriving  
36 at final figures incorporated in an end product such as financial statements or tax returns.

37 (f) Work Papers Belonging to the CPA. Work papers developed by the CPA incident to the performance of an  
38 engagement that do not result in changes to the client's records, or are not in themselves part of the records  
39 ordinarily maintained by such clients, are the CPA's work papers and are not the property of the client. For example,  
40 the CPA may make extensive analyses of inventory or other accounts as part of the selective audit procedures. These  
41 analyses are considered to be a part of the CPA's work papers, even if the analyses have been prepared by client  
42 personnel at the request of the CPA. Only to the extent these analyses result in changes to the client's records would  
43 the CPA be required to furnish the details from the work papers in support of the journal entries recording the  
44 changes, unless the journal entries themselves contain all necessary details. Work papers belonging to the CPA shall  
45 not be released unless required by federal or state statute.

46 (g) Reasonable fees for Copies. Nothing in this Rule shall be construed to require the CPA to furnish a client with  
47 copies of the client's records already in the client's possession. However, if the client asserts that such records have  
48 been lost, or are otherwise not in the client's possession, the CPA shall furnish copies of the records and may charge  
49 a reasonable fee.

50 (h) Retention of Work Product and Work Papers. A CPA shall ensure that the work product and the work papers  
51 created in the performance of an engagement for a client are retained for at least of five years after the date of  
52 issuance of the work product unless the CPA is required by law to retain such records for a longer period.

53 (i) The CPA shall return the original client records in the format in which the CPA received the records. Work  
54 papers that should be reflected in the client records and books should be returned to the client in the format that the  
55 CPA is handling the services being provided to the client. If the services being provided are in an electronic format,  
56 the CPA shall return those records in that format to the client.

1 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*  
2 *Eff. April 1, 1994;*  
3 *Amended Eff. January 1, 2006; April 1, 2003;*  
4 *Readopted Eff. February 1, 2016.*  
5

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1 **21 NCAC 08N .0402 INDEPENDENCE**

2  
3 (a) A CPA, or the CPA's firm, who is performing an engagement in which the CPA, or the CPA's firm, will issue a  
4 report on financial statements of any client (other than a report in which lack of independence is disclosed) shall be  
5 independent with respect to the client in fact and appearance.

6 (b) Independence is impaired if, during the period of the professional engagement, a covered person:

- 7 (1) had or was committed to acquire any direct or material indirect financial interest in the client;  
8 (2) was a trustee of any trust or executor or administrator of any estate if such trust or estate had or  
9 was committed to acquire any direct or material indirect financial interest in the client; and  
10 (A) the covered person (individually or with others) had the authority to make investment  
11 decisions for the trust or estate;  
12 (B) the trust or estate owned or was committed to acquire more than 10 percent of the client's  
13 outstanding equity securities or other ownership interests; or  
14 (C) the value of the trust's or estate's holdings in the client exceeded 10 percent of the total  
15 assets of the trust or estate;  
16 (3) had a joint closely held investment that was material to the covered person; or  
17 (4) except as permitted in the AICPA Professional Standards Code of Professional Conduct and  
18 Bylaws, had any loan to or from the client or any officer or director of the client, or any individual  
19 owning 10 percent or more of the client's outstanding equity securities or other ownership  
20 interests.

21 (c) Independence is impaired if during the period of the professional engagement, a shareholder, a member, a  
22 partner or professional employee of the firm, his or her immediate family and close relatives, (as defined in the  
23 AICPA Code of Professional Conduct and Bylaws) or any group of such persons acting together owned more than  
24 five percent of a client's outstanding equity securities or other ownership interests.

25 (d) Independence is impaired if, during the period covered by the financial statements, or during the period of the  
26 professional engagement, a shareholder, a member, a partner, or professional employee of the firm was  
27 simultaneously associated with the client as a:

- 28 (1) director, officer, employee, or in any capacity equivalent to that of a member of management;  
29 (2) promoter, underwriter, or voting trustee; or  
30 (3) trustee for any pension or profit-sharing trust of the client.

31 (e) For the purposes of this Rule "covered person" is

- 32 (1) an individual on the attest engagement team;  
33 (2) an individual in a position to influence the attest engagement;  
34 (3) a partner or manager who provides non-attest services to the attest client beginning once he or she  
35 provides 10 hours of non-attest services to the client within any fiscal year and ending on the later  
36 of the date:  
37 (A) the firm signs the report on the financial statements for the fiscal year during which those  
38 services were provided; or  
39 (B) he or she no longer expects to provide 10 or more hours of non-attest services to the attest  
40 client on a recurring basis;  
41 (4) a partner in the office in which the lead attest engagement partner primarily practices in  
42 connection with the attest engagement;  
43 (5) the firm, including the firm's employee benefit plans; or  
44 (6) an entity whose operating, financial, or accounting policies can be controlled (as defined by  
45 generally accepted accounting principles (GAAP) for consolidation purposes) by any of the  
46 individuals or entities described in Subparagraphs (1) through (5) of this Paragraph or by two or  
47 more such individuals or entities if they act together;

48 (f) The impairments of independence listed in this Rule shall not be interpreted to be an all inclusive list.

49  
50 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*  
51 *Eff. April 1, 1994;*  
52 *Amended Eff. February 1, 2011; April 1, 2003;*  
53 *Readopted Eff. February 1, 2016.*  
54

# North Carolina State Board of CPA Examiners

## Working Strategic Plan

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### **Executive Summary:**

The North Carolina State Board of CPA Examiners qualifies, monitors, and regulates Certified Public Accountants (CPAs) in the practice of public accountancy, business, industry, government, and education in North Carolina.

The Board's mission is to protect the citizens of the State through licensure and oversight of the CPA profession in the State.

The Board assists CPAs in their performance of the public practice of accountancy and provides assurance to the public and users of financial information that those services are performed to the highest standards.

The Board functions using a value system similar to the CPAs that it regulates; designed to meet the needs of the licensees that it serves as well as protect the interests of the public in the financial marketplace.

The Board is cognizant of changes to the accounting profession that must be constantly weighed in its decision-making processes to ensure that it continues to be efficient and effective in the performance of its regulatory duties.

The Board's critical goals are to:

- Provide timely, quality customer service to all customers of the North Carolina State Board of CPA Examiners.
- Ensure the effective and timely processing of exam applications for candidates desiring to sit for the North Carolina Uniform CPA exam.
- Ensure the effective and timely processing of CPA licensure applications for persons wishing to be North Carolina certified public accountants.
- Ensure the effective and timely processing of regulatory compliance activities for CPAs and CPA firms to ensure public protection of North Carolina consumers.

The Board continues to review its communication methodologies to ensure that Board operations and results are transparent and readily available to CPAs and the interested public.

The Board is created as an agency of the State of North Carolina and consists of seven members appointed by the Governor, five certified public accountants and two persons who are not certified public accountants who shall represent the interest of the public at large.

The Board's major products and services include processing exam applications for the CPA candidates, processing licensure applications for individuals and firms, and protecting the

# North Carolina State Board of CPA Examiners

## Working Strategic Plan

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interest of the public by performing regulatory compliance duties to ensure that professional accounting services performed to the highest standards.

The Board's operations are overseen by Executive staff, as directed by the Board members, and is organized into five sections designed to address the goals of the Board. Those sections include:

- Administrative Services – internal operations of Board and customer service
- Communications – maintains Board newsletter, website, social media
- Examinations – processes exam candidate applications
- Licensing – processes certificate applications and oversees CPE activities
- Professional Standards – processes regulatory compliance actions

The Board adopts an annual budget for operations, reviews financial activity on a monthly basis, has an annual audit conducted, and provides numerous operational reports to State government oversight bodies in the normal course of business.

The Board has identified appropriate staffing levels and assigned duties in accordance with the functional expectations of the Board. The Board continues to identify areas of technology that will assist it in performing its duties to allow Board staff to continue to oversee its increasing number of licensees.

### **Authority and Responsibilities:**

The Board was created by North Carolina statute and is charged with administering the provisions identified in Chapter 93 of the *North Carolina General Statutes*. Those functions include, but are not limited to:

- To employ legal counsel, clerical and technical assistance and to incur such other expenses as may be deemed necessary in the performance of its duties and the enforcement of the provisions related to the oversight of the practice of public accountancy in North Carolina.
- To hold written, oral, and computer-based examinations of applicants for certificates of qualification at least once a year, or more often, as may be deemed necessary by the Board.
- To issue certificates of qualification admitting to practice as certified public accountants, each applicant who, having the qualifications herein specified, has passed an examination to the satisfaction of the Board, in "accounting," "auditing," "business law," and other related subjects.

# North Carolina State Board of CPA Examiners

## Working Strategic Plan

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- To formulate rules for the government of the Board and for the examination of applicants for certificates of qualification admitting such applicants to practice as certified public accountants.
- To have the power to adopt rules of professional ethics and conduct to be observed by certified public accountants in this State and persons exercising the practice privilege authorized by this Chapter.

### **Board Mission Statement:**

The mission of the North Carolina State Board of CPA Examiners is to protect the public by ensuring that persons issued licenses as certified public accountants possess the necessary education, skills, and capabilities, and that they perform competently in the accounting profession.

*In doing so, the Board strives to accomplish:*

- 1) *Promote the reliability of financial and other information used by decision-makers in the conduct of business in the State.*
- 2) *Protect public interests by:*
  - a) *Licensing only those persons that meet initial qualifying levels of education, examination, and experience as well as good moral character for the practice of public accountancy*
  - b) *Ensuring CPA firms meet established criteria before offering or performing professional public accounting services*
  - c) *Ensuring that CPAs and CPA firms continue to demonstrate professionalism, competence, and adherence to ethical behavior in performing professional public accounting services*

### **Board's Vision:**

The Board seeks to:

- Faithfully meet our mandate of public protection
- Be visible and available to the public and our licensees
- Be diverse in gender and ethnicity

# North Carolina State Board of CPA Examiners

## Working Strategic Plan

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- Be good stewards of our resources
- Provide excellent customer service to our licensees and the public
- Maintain a vigorous and effective enforcement program
- Maintain a CPE program focused on enhancing licensee competence
- Use technology to effectively and efficiently provide services to our licensees and the public

### **Board Values:**

The Board's values define how we will go about the work of fulfilling our mission and achieving our vision. The Board commitment to excellence is demonstrated by the following key values:

- High Ethical Standards and Integrity - *Principles required of our CPA customers that when followed, promote values such as trust, good behavior, fairness, and/or kindness.*
- Service to our Licensees and the Public - *Demonstrating a courteous and assisting attitude when interacting with each customer in reaching their goals*
- Honesty and Fairness – *Acting with openness, impartiality, and consistency*
- Competence – *Knowledge and experience to get the job done*
- Open Transparent Communication – *Achieving an understanding of the Board's regulatory role and performance activities through effective communication means including newsletters, website, social media, etc.*
- Teamwork – *Working effectively with licensees, citizens, oversight agencies, national, state, and local organizations to obtain shared goals*
- Continuous Improvement – *Being able to innovate and change as needed to address the needs of the profession*
- Financial Stewardship – *Effective management of Board resources to accomplish its mission and goals independent of state funding*

# North Carolina State Board of CPA Examiners

## Working Strategic Plan

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### **Significant Influential Factors:**

- ❖ There is increasing complexity in the accounting profession, with ever-changing professional standards for most practice areas, but particularly with audit, tax, and firm peer review. The constant change impacts individual CPAs as well as CPA firms as they seek to stay current with professional standards and competitive within the current market structures.
- ❖ There are numerous national and state level organizations that have oversight authority over various niches of the professional practice that contribute to the complexity of the regulatory environment. Federal oversight agencies, state oversight agencies, and national trade organizations compete, as well as conflict, with each other in provide guidance within the accounting profession.
- ❖ There are threats to the strength of the CPA certification as uniformly recognized in the United States due to increasing interest to expand the reach of the CPA licensure process to foreign nationals to serve clients in international settings.
- ❖ The CPA population, due to the “Baby Boomer” era, is aging which leads to an uptick in those persons eligible for retirement/transitioning from CPA firms.
- ❖ Possible declining interest by accounting students in wanting to become CPAs, possibly related to perceived barriers for obtaining licensure such as costs, time commitment, additional educational requirements, etc.
- ❖ Impact on disciplinary actions possibly required due to increased CPA mobility and the varying degrees of regulatory oversight provided by other Boards of Accountancy.
- ❖ Inability to obtain timely and relevant communication of matters of significance impacting the Board’s enforcement activities from oversight entities.
- ❖ Potential threat to Board independent structure based on current ongoing studies by the North Carolina legislature, as well as the editorial climate relative to occupational licensing boards at this time
- ❖ Need to maintain Board importance with newer generation of CPAs through newer technology and social methodologies

# North Carolina State Board of CPA Examiners

## Working Strategic Plan

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### Board Objectives:

#### Excellent Customer Service:

**Recognized as providing the highest quality service to the public and licensees**

Customers Defined: CPAs licensed by the Board  
CPAs practicing mobility in the State  
CPA firms  
Candidates applying to sit for the NC CPA exam  
Third Party Complainants on Disciplinary Actions  
Professional Associations such as NASBA, NCACPA, and AICPA  
Oversight organizations such as IRS, Federal Agencies, State agencies  
National standard setters such as FASB and GASB

- 1) The Board assists customers through automated and direct contact methods; therefore, identifying methods to enhance overall customer service.
- ❖ Enhance the knowledge and skills of Board staff to ensure quality customer service support.
    - Executive management is committed to providing Board staff with continuing education opportunities and training necessary to stay current with their assigned areas of responsibility, including technological needs.
      - As part of annual evaluation process, Deputy Director will work with employees to ensure that appropriate training opportunities are identified and assigned.
  - ❖ Provide customer base with web-based tools to allow for more efficient automated methods for communicating with Board staff on Board business.
    - Executive staff to review current automated systems and methods of contact to determine possible areas for enhancement.
      - Review areas for automated enhancement including such items as online exam renewal application; automated submission of college transcripts; online complaint form for third party complaints; continued website enhancements; review/update of Board forms and formats; etc.
  - ❖ Provide customer base with access to knowledgeable staff persons to ensure consistent and accurate answers to inquiries.

## North Carolina State Board of CPA Examiners Working Strategic Plan

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- Ensure that Board staff assigned with specific responsibilities is identified to assist customer inquiries and are available to provide such assistance.
  - Develop customer assistance protocols to ensure that clients are directed to proper staff member for most effective communication. Ensure backup responders identified to provide assistance to ensure that customer assistance is available as necessary.
  
- 2) Continue to review Board processes to improve the ease of access to information by licensees and the public related to Board operations, processes, and actions.
  
- ❖ Provide client base with most effective and efficient access to Board data sources that are available as public records.
  - Ensure that Board information is updated and sufficiently populated to allow for technological upgrades that might provide information in a more user-friendly format.
    - Review information requests and try to develop data routines that might provide customers with more effective means for gathering or accessing information.

## Executive Staff Report March-May 2016

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**Joint Legislative Administrative Procedures Oversight Committee (JLAPO) Committee Meeting** - Bob attended the March 1 meeting of the Committee which focused on occupational licensing boards (OLBs).

**NASBA Diversity of the CPA Pipeline** - On March 8, Bob and David attended a meeting at North Carolina A&T State University in Greensboro to initiate the expansion of the diversity of the candidates into the CPA pipeline.

**Breakfast with the NCACPA** - Bob and David had their monthly breakfast meeting with Jim Ahler and Sharon Bryson on March 9.

**NASBA CBT Administration Committee** - On March 11, Bob participated in a conference call of this Committee.

**NASBA Executive Directors and Legal Counsel Conference** - Bob, David, and Buck attended the Executive Directors portion of the Conference while Frank, Mary Beth, and Jean Marie attended the Legal Counsel portion. The Conference was held March 15-17 in Tucson, AZ.

**NCACPA Board Meeting** - Bob and David attended the NCACPA's March 24 Board of Directors meeting in Raleigh.

**Service to the Board** - April marked 30 years of service to the Board for Alice and Bob. Thank you.

**JLAPO Committee Meeting** - Bob and David attended the April 5 meeting of the Committee which continues to focus on OLBs.

**NCSU Department of Accounting Awards Program** - On April 6, Bob attended the annual awards program for accounting students at NCSU.

**Breakfast with the NCACPA** - Bob and David had their monthly breakfast meeting with Jim Ahler and Sharon Bryson on April 7. This was the final breakfast meeting with Jim prior to his April 30 retirement.

**NC State Bar Association** - On April 8, Frank attended the Administrative Law Council CLE and annual meeting. He was nominated and elected to the Administrative Law Council.

**Second Annual Occupational Licensing Agencies (OLA) Best Practices Seminar** – President Womble, Bob, David, Frank, and Noel attended this all-day seminar held April 12 at the NC State Bar headquarters in Raleigh.

**NCACPA A & A Committee** – In April, David worked with a Committee member to plan an A & A Best Practices Conference and course.

**Service to the Board** – May marked 3 years of service to the Board for Jean Marie. Thank you.

**AICPA Peer Review Committee Meeting** – On May 3, Bob and David attended the second quarter meeting of the Committee at the AICPA headquarters in Durham.

**NCACPA Annual Business Meeting** – Bob and David attended the annual NCACPA business meeting on May 3 at the Grandover in Greensboro.

**Breakfast with the NCACPA** – May 10 marked Bob and David’s first meeting with Sharon Bryson as the CEO and Mark Sotichack as the COO of the NCACPA.

**NASBA CBT Administration Committee** – Bob participated in a conference call of this Committee on May 11.

**NC Licensing Board 401(k) Retirement Plan Investment Committee Meeting** – Bob met with the Committee on May 12 for the quarterly review of investments of the eight boards that make up the plan.

**NCSU Department of Accounting Advisory Council Meeting** – Bob, as a member of the Council, attended the meeting on May 13.

**NC OLB Committee** – Bob and other Committee members met on May 20 to discuss the issues OLBs continue to face.

**NC Licensing Board 401(k) Retirement Plan Trustee Meeting** – Bob, as President of the Trustees, presided over the bi-annual trustee meeting on May 23. The meeting focused on the approval and adoption of a new volume submitter prototype designed by Prudential. Approval was given to replace four investment options.