Practice of Public Accounting Requires
North Carolina Privilege License

As stated in North Carolina General Statute (NCGS) 105 Taxation, privilege license taxes are imposed for the privilege of carrying on the business, exercising the privilege, or doing the act named in Article 2 of the Revenue Laws of North Carolina.

Privilege taxes are in addition to any regulatory or qualification requirements to engage in the practice of a profession, business, or trade.

The NC Department of Revenue (NCDOR) administers NCGS 105-41, and NCGS 105-41 is purely a revenue measure that does not purport to be a regulatory measure.

A person must obtain a privilege license from the NCDOR before the person engages in a business, trade, or profession that requires a privilege license.

The privilege license tax is an annual tax due by July 1 each year. The tax is not pro-rated; the full amount of the tax is due regardless of when, during the fiscal year (July 1-June 30), a person begins to engage in an activity that requires a privilege license.

The public practice of accounting is one of the professions that require a privilege license in North Carolina.

21 NCAC 08A .0307 defines a person as engaged in the “public practice of accountancy” if they identify themselves as a CPA or accountant and for compensation perform services that involve:

- preparing, auditing, or verifying financial transactions, books, accounts, or records;
- preparing, verifying or certifying financial, accounting, and related statements intended for publication, including preparing tax returns;
- rendering professional services or assistance in or about any and all matters of principle or detail relating to accounting procedures and systems; or
- recording, presenting or certifying, and interpreting such service (including tax, consulting, or management advisory services) through statements and reports.

Based on 17 NCAC 04B.0603, Independent Bookkeeping, the NCDOR asserts that the public practice of accounting includes:

A bookkeeper who acts as an independent contractor preparing tax returns for small business firms, as well as individuals, and charges for his services, is subject to an accountant’s privilege license, as such work requires training and skill in accounting. Also, an independent contractor who prepares income tax returns, other than the simplified individual returns, and charges for such work, is subject to an accountant’s privilege license.

Privilege License continued on page 4

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Disciplinary Actions

Pursuant to NCGS 93-12(9), civil penalties are remitted to the North Carolina Civil Penalty and Forfeiture Fund ("Fund") in accordance with NCGS 115C-457.2. NCGS 115C-457.1(b) states, “The Fund shall be administered by the Office of State Budget and Management. The Fund and all interest accruing to the Fund shall be faithfully used exclusively for maintaining free public schools.”

DALE RIFE, #24295 | STATESVILLE, NC

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. Dale Rife (hereinafter “Respondent”) is the holder of North Carolina certificate number 24295 as a certified public accountant.

2. The Board received a complaint from the Respondent’s step-sister (“Complainant”). The Complainant alleged, among other things, that the Respondent had filed an IRS Form 1099 as the executor of their father’s estate (“Form 1099”) showing income to the Complainant.

3. The Complainant alleges that the Respondent created the Form 1099 to show greater income than was reported on her 2011, 2012, and 2013 tax returns. This understatement resulted in an IRS audit of the Complainant’s taxes.

4. The Respondent claims that the amount shown on the Form 1099 is to offset the amount that the Complainant diverted from income that was intended for their father during his lifetime.

5. After auditing the Complainant’s taxes, the IRS determined that the Form 1099 should be disregarded as fictitious.

6. The Respondent was unable to provide the Board with documentation showing that he was authorized to issue the Form 1099 and could not show that the Form 1099 was otherwise compliant with IRS statutes or regulations.

7. 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. 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. If proven at hearing, the Respondent’s aforementioned conduct would constitute violations of 21 NCAC 08N .0203 (Discreditable Conduct) and .0207 (Violation of Tax Laws).

3. Per N.C. Gen. Stat. §93-12(9), and also by virtue of the Respondent’s consent to this order, the 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. The Certified Public Accountant certificate issued to the Respondent, Dale Rife, is revoked for a period of three (3) years.

2. Respondent Dale Rife shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall Respondent claim or attempt to use any practice privileges in any other state based upon his revoked North Carolina certificate.

Approved by the Board February 17, 2020.

2020 Board Meetings

<table>
<thead>
<tr>
<th>Monday</th>
<th>April 20</th>
<th>10 a.m.</th>
<th>Raleigh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>May 18</td>
<td>10 a.m.</td>
<td>Raleigh</td>
</tr>
<tr>
<td>Thursday</td>
<td>June 18</td>
<td>2 p.m.</td>
<td>Winston-Salem</td>
</tr>
</tbody>
</table>

Pursuant to NC Gen. Stat. §143-318.10, all official meetings of the Board are open to the public. However, the public may be excluded from certain portions of the meeting as allowed by NC Gen. Stat. §143-318.11.
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, the Respondent and the Respondent Firm stipulate to the following:

1. Jeffrey G. Lewis, CPA (hereinafter "Respondent"), is the holder of North Carolina certificate number 13509 as a Certified Public Accountant.

2. Jeffrey G. Lewis, CPA (hereinafter "Respondent Firm"), is a registered certified public accounting firm in North Carolina. Hereinafter, the Respondent and the Respondent Firm shall collectively be referred to as the "Respondents."

3. The Respondents issued multiple reviews, and compilation reports over the past three (3) years. The Respondents have never enrolled in the peer review program.

4. The Respondents failed to furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within eighteen (18) months of the issuance of the first report provided to a client.

5. The Respondents wish to resolve this matter by consent and agree 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 Respondents understand and agree 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 Respondents are 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 Respondents’ failure to complete the peer review process constitutes a violation of 21 NCAC 08N .0203(b)(7).

3. The Respondents’ failure to furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within eighteen (18) months of the issuance of the first report provided to a client constitutes a violation of 21 NCAC 08M .0105.

4. Per N.C. Gen. Stat. §93-12(9), and also by virtue of the Respondents’ consent to this order, the Respondents are subject to the discipline set forth below.

BASED ON THE FOREGOING and in lieu of further proceedings, the Board and the Respondents agree to the following Order:

1. The Respondent Jeffrey G. Lewis, CPA, is censured.

2. The Respondent Firm may not perform any of the services listed in 21 NCAC 08M .0105(a) until it provides the Board with the results of a completed peer review, at which time the suspension will be stayed.

Approved by the Board January 28, 2020.
Therefore an owner, principal, or manager in a CPA firm or business providing accounting services to third parties, must purchase a $50.00 annual privilege license from the NCDOR.

Because a privilege license is issued to the individual and not the CPA firm or business, each assistant accountant (defined by the NCDOR as any other employee—CPA or non-CPA—who provides accounting services) must obtain a $12.50 annual privilege license.

A 2010 Opinion Letter from the NCDOR affirms that non-resident CPAs engaged in the public practice of accountancy by providing accounting services through mobility are subject to the privilege license.

The Opinion Letter is available from the Resources page of the Board’s website, nccpaboard.gov.

In general, the privilege license tax requirement does not apply to a CPA who practices public accounting as a salaried employee in business, industry, government, or education.

However, if a CPA engages in accounting services (such as seasonal tax preparation) outside the salaried employment in business, industry, government, or education, the CPA must obtain a privilege license.

Specific individuals are exempt from the privilege license tax. Please refer to NCGS 105-41 for exemptions.

In applying NCGS 105 to specific situations, all facts and circumstances must be considered. Contact the NCDOR’s Excise Tax Division at 1-877-252-3052 with questions about the privilege license.

Form B-202-A, Application for State Privilege License, and technical bulletins about the privilege license tax are available from the NCDOR website, ncdor.gov.

Certificates Issued

On February 17, 2020, the Board approved the following individuals for licensure as North Carolina CPAs:

Andrew William Agnone
Christine Cullen Allen
James Dylan Allison
John Dawson Atkinson
Brenna Marie Aube
Meghan Lynn Bailey
Beth Andrea Baumunk
Jennifer Ann Beck
Michael Stephen Bennett-Chew
Christie Lynn Bonacci
Dylan Thomas Cain
Thomas Benjamin Camp
Sophia Christina Campbell-Smith
Jacob Alexander Carter
Maria Hye-Jin Chen
Michelle Tiffany Chin
Clare Elizabeth Creighton
David Jonathan Crockett
Evan Patrick Doughty
Taylor Christine Garland
Christopher Gary Good
Alicia Suzanne Grantham
Karl Joseph Green
Michelle Lauren Heupel
Harris Walker Hickman
Grace Chandler Hobson
Jason Dongjun Kim
Michael Jeffrey King
Christian Bradford Kohlmann
John Motley Langston, Jr.
Cortney Elizabeth Leggett
James Charles Loftus
Amanda Lyn Mahoney
John Logan McClay
Michael John Meglin
Katelyn Elizabeth Metcalf
Lindsay Smith Moody
Bryce Randall Morgan
Olivia Kathleen Marsh Mullens
Rosemary Murphey
Victoria Yvette-Young Payne
Charlotte Isabell Pielak
Morgan Paige Rachmier
Kailey Hannah Robertson
Kyle Michael Rogers
Tracy Liane Rose
Liliya Igorevna Sabaleuskaya
Jessica Nicole Saggus
Brittani Elise Schettkoe
Patrick Maury Shelton, Jr.
Jamila Alexandria Shiels
Daniel Bryant Stack
Elizabeth Mary Sullivan
Nashua Thomas Tillotson
Molly Jane van der Poel
Jennifer Marie Venuti
Erica Marie Vogt
Juliann Marie Willis
Kendall Lauren Wilson
Lauren Marie Wystu
George Glenn Adams
February 1970
Melville Monroe Murray, Jr.
February 1970
Charles Martin Nassif
February 1970
Steven Leon Tinsley
February 1970
Jack Alexander Watson
February 1970
Trent Ramsey Wilson
February 1970
William Glenn McNairy
March 1970

North Carolina State Board of Certified Public Accountant Examiners
BY THE NUMBERS: Exam & Certificate Applications

CPA Exam Applications Approved 2017-2019

Initial Exam Applications Approved

Yearly Totals

CPA Certificate Applications Approved 2017-2019

Original Certificate Applications Approved

Yearly Totals

Re-Exam Applications Approved

Yearly Totals

Reciprocal Certificate Applications Approved

Yearly Totals

North Carolina State Board of Certified Public Accountant Examiners
North Carolina State Board of Certified Public Accountant Examiners

CPA Exam Performance Summary: 2019 Q4
North Carolina

Overall Performance

- Unique Candidates: 769
- New Candidates: 134
- Total Sections: 985
- Passing 4th Section: 134
- Sections/Candidates: 1.28
- Pass Rate: 50.25%
- Average Score: 71.73%

Section Performance

- First-time: 253 sections, Score: 68.27, %Pass: 43.87%
- Re-Exam: 727 sections, Score: 72.92, %Pass: 52.54%
- AUD: 255 sections, Score: 72.60, %Pass: 48.24%
- BEC: 198 sections, Score: 76.62, %Pass: 61.62%
- FAR: 272 sections, Score: 67.17, %Pass: 37.50%
- REG: 260 sections, Score: 71.92, %Pass: 56.92%

Jurisdiction Ranking

- Candidates: 17
- Sections: 16
- 29
- 22
- Pass Rate
- Average Score

2019 CPA Exam Pass Rates

<table>
<thead>
<tr>
<th>Section</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>48.56%</td>
<td>55.11%</td>
<td>51.94%</td>
<td>47.88%</td>
<td>51.01%</td>
</tr>
<tr>
<td>BEC</td>
<td>58.00%</td>
<td>59.74%</td>
<td>63.04%</td>
<td>58.61%</td>
<td>59.98%</td>
</tr>
<tr>
<td>FAR</td>
<td>44.43%</td>
<td>49.37%</td>
<td>50.29%</td>
<td>40.57%</td>
<td>46.31%</td>
</tr>
<tr>
<td>REG</td>
<td>50.23%</td>
<td>58.66%</td>
<td>58.41%</td>
<td>55.89%</td>
<td>56.34%</td>
</tr>
</tbody>
</table>

2020 Exam Score Release Dates

- All dates and times are based on the Eastern Time zone.
- For most candidates, the AICPA receives the Exam data files from Prometric within 24 hours after a candidate completes the Exam.
- The scores for the Exam data files received after the AICPA cutoff dates will be in the subsequent scheduled target score release.
- Some candidates who take the BEC section may receive their scores approximately one week following the target release date due to additional analysis required for the written communication tasks.
- Follow NASBA on Twitter (@NASBA) for Exam score release announcements.
- As of March 2, 2020, the score release dates for 20Q3 and 20Q4 were not available.

** The Exam data files the AICPA receives after this date will be included in the final target score release date for the testing window.
How Do I Request Inactive Status?

NC CPAs may request inactive status through the Board’s website, nccpaboard.gov.

To access the online form, click on the “Request Inactive Status” link in the “How Do I” box on the homepage.

After completing and submitting the form, you will receive an email that summarizes the information you entered and confirms your CPA certificate is on inactive status.

Reclassifications

At its February 17, 2020, meeting, the Board approved the applications for reclassification submitted by the following individuals:

Reinstatement

- Jill Katherine Crook, #34743  Raleigh, NC
- Kelly Ann Filson, #39919  Boone, NC
- Michelle Lee Harris, #37179  Arlington, VA
- Mitzie Brooks Isear, #24741  Wilmington, NC
- Elizabeth McCarter Robinson, #17076  Washington, NC
- Donald Craig Schroder, #28728  Charlotte, NC
- Douglas Alan Steare, #23370  Sandy Hook, CT
- Robert C. Taylor, #21643  Ayden, NC

Reissuance

- Liane Marie Barber, #39513  Raleigh, NC
- Jun Bum Chung, #24389  Chapel Hill, NC
- Erin Kathleen Coffey, #41696  Charlotte, NC
- Thomas Clinton Shuford, #20791  Lawndale, NC

Inactive Status

Between February 3, 2020, and February 28, 2020, the Board approved the individuals listed below for inactive status. “Inactive,” when used to refer to the status of a person, describes a person who has requested inactive status and has been approved by the Board and who does not use the title certified public accountant, nor does he or she allow anyone to refer to him or her as a certified public accountant, and neither he nor she nor anyone else refers to him or her in any representation as described in Rule .0308(b) of this Section [21 NCAC 08A .0301(b)(20)].

- Wilson Lonnie Bradley, III, #15043  Gastonia, NC
- Edwin Dean Ferguson, #2464  Charlotte, NC
- Rhea Renee Hollars, #33165  Weaverville, NC
- Robert W. Beuley, #25786  Mooresville, NC
- Scott Reynold Szabo, #14064  Charlotte, NC
- Brianna Nicole Wickham, #43113  Raleigh, NC
- Martha Jo Brooks, #12975  Greensboro, NC
- Melissa Moore Fenton, #20417  Raleigh, NC
- William A. Malcom, #40229  Black Mountain, NC
- Gary Rogers Bowers, #24577  South Pasadena, FL
- Jeffrey P. Gragnolati, #34913  Atlanta, GA
- Dwight Degerman, #17220  Belmont, NC
- John Randolph Keller, #11550  Oklahoma City, OK
- Thomas Kent Wagoner, #10138  Raleigh, NC
- Marshall Kim Harkins, #15076  Hickory, NC

Do You Follow the Board on Social Media?

For the Board, social media is a great tool to keep applicants, licensees, and the public up-to-date on statute and rule changes, upcoming deadlines, Board meetings, issues affecting the profession, and much more.

Tweet Us, Like Us, Share Us, Join Us

Facebook: https://www.fb.com/NCCPABoard

Twitter: @NCCPABOARD

LinkedIn: North Carolina State Board of CPA Examiners

Don’t forget to bookmark the Board’s website, nccpaboard.gov.
State Board of CPA Examiners

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Notice of Address Change

Please Print Legibly

Full Name:
Certificate No.: Last 4 Digits of SSN:
Home Address:
City/State/Zip:
Home Phone No.: Home Fax:
Personal Email:
Firm/Business Name:
Business Address:
City/State/Zip:
Business Phone No.: Business Fax:
Business Email:
Signature:
Date:
Send mail to: Home Business

Mail form to: PO Box 12827, Raleigh, NC 27605
Fax form to: (919) 733-4209

Pursuant to 21 NCAC 08J .0107, all certificate holders & CPA firms shall notify the Board in writing within 30 days of any change in home address & phone number; CPA firm address & phone number; business location & phone number; & email address.