Joint Task Force Will Examine “Core + Discipline” Education Issues

At its March 16, 2022, meeting, the State Board united with the NCACPA to form a joint task force to examine education issues related to the CPA Evolution initiative (evolutionofcpa.org) and beyond.

When proposing the Education Task Force, David R. Nance, CPA, the Board’s Executive Director, said, “It is crucial to the profession that the State Board, in its oversight role, and the NCACPA, in its representative role, work together on issues impacting North Carolina licensees.”

The Task Force’s primary goal is to ensure North Carolina candidates are prepared to succeed on the “core + discipline” CPA Exam that launches in January 2024.

Task Force members are accounting educators from universities and community colleges and employees of CPA firms that will hire candidates affected by CPA Evolution.

Board member Jodi K. Kruse, CPA, and NCACPA Board of Directors member Dr. Kevin L. James, CPA, will serve as co-chairs of the Task Force.

A list of Task Force members and staff liaisons is on page 4.

The restructured Exam starts with a core in accounting, auditing, tax, and technology that all candidates must complete.

Then, each candidate must demonstrate more in-depth skills and knowledge in one of the following disciplines:
- Tax compliance and planning;
- Business reporting and analysis; or
- Information systems and controls.

A discipline selected for testing does not mean the CPAs who achieve licensure under this model are restricted to practice in their selected discipline.

They will have the rights and privileges consistent with any other CPA so long as they possess the required professional competence.

The restructured CPA comes with a model curriculum to assist faculty who want to prepare their students to become CPAs.

These changes lead to questions about transitioning to the new CPA licensure model.

Task Force continued on page 4

NCDOR Publishes Notice on New Deduction Related to Certain Armed Forces Pay

North Carolina’s most recent budget law allows eligible retired US Armed Forces members to deduct specific military retirement pay (MRP) when calculating North Carolina taxable income beginning with the 2021 tax year.

The law also allows eligible beneficiaries of the Survivor Benefit Plan (SBP) to deduct certain SBP payments beginning with the 2021 tax year.

On May 2, 2022, the NC Department of Revenue (NCDOR) issued a Notice that provides an overview of the new deduction and addresses frequently asked questions related to the new deduction. A copy of the Notice is available from the NCDOR website, ncdor.gov.

If you have questions about the Notice, please call the NCDOR Customer Interaction Center at 1-877-252-3052.

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Disciplinary Action

Pursuant to NCGS 93-12(9), “any disciplinary action taken [by the Board] shall be in accordance with the provisions of Chapter 150B of the General Statutes. The clear proceeds of any civil penalty assessed under this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 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.”

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 the Respondent Firm stipulate to the following:

1. Ernst & Young LLP (hereinafter “Respondent Firm”) is a registered certified public accounting firm in North Carolina.

2. The Respondent Firm self-disclosed that it had been subjected to disciplinary action by the Securities and Exchange Commission (“SEC”). The SEC Order found that the Respondent Firm had received and used competitive intelligence and confidential information in order to successfully bid on the audit for a publicly traded company in the State of North Carolina.

3. The SEC found that the relationships and activities leading to the award of the audit to the Respondent Firm violated the SEC’s rules that require auditors to maintain independence in both fact and appearance.

4. The SEC also found that EY implemented certain remedial measures, including introducing a new policy and guidance concerning competitive proposal processes and implementing procurees intended to measure compliance with that policy.

5. The SEC imposed a censure, internal remedial actions, and a ten million dollar ($10,000,000) civil penalty on the Respondent Firm.

6. All or substantially all of the conduct of concern identified in the SEC Order occurred in North Carolina, and concerned certain Respondent Firm personnel licensed as CPAs in the State of North Carolina.

7. The Respondent Firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board ex parte, whether or not the Board accepts this Consent Order as written. The Respondent Firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. The Respondent Firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted thereunder by the Board.

2. The Board asserts that the disciplinary action taken by the SEC constitutes a violation of Rule 21 NCAC 08N .0204. The Respondent Firm neither admits nor denies a violation of that rule but has consented to the entry of this Consent Order.

3. Per N.C. Gen. Stat. §93-12(9), and also by virtue of the Respondent Firm’s consent to this order, the Respondent Firm is subject to the discipline set forth below.

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

1. The Respondent Firm is censured and shall pay a one-hundred-and-twenty-five thousand dollar ($125,000) civil monetary penalty to be remitted with this signed Consent Order.

Approved by the Board on April 21, 2022.

50 Years of NC CPA Licensure

Congratulations to the following individuals who have been licensed by the Board as North Carolina CPAs since May 1972:

Dockery Sam Dobbins
David Franklin Leeper
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 the Respondent stipulate to the following:

1. Curt W. Fochtmann (hereinafter “Respondent”) was the holder of North Carolina certificate number 29277 as a Certified Public Accountant.
2. The Respondent was employed by Ernst & Young LLP (hereinafter “Firm”), a registered certified public accounting firm in North Carolina.
3. The Firm self-disclosed that it had been subjected to disciplinary action by the Securities and Exchange Commission (“SEC”). The SEC Order found that the Firm had received and used competitive intelligence and confidential information in order to successfully bid on the audit for a publicly traded company in the State of North Carolina.
4. The SEC Order made specific findings that the Respondent lacked independence, that Respondent’s actions caused the Firm to violate Rule 2-02(b)(1) or Regulation S-X and caused the issuer to violate the Securities Exchange Act of 1934, and found that the Respondent engaged in improper professional conduct in violation of the SEC’s Rules of Practice.
5. The SEC imposed a one-year suspension of the Respondent’s privilege to appear or practice before the SEC as an accountant and a $15,000.00 civil penalty for his actions.
6. 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 asserts that the disciplinary action taken by the SEC constitutes a violation of Rule 21 NCAC 08N .0204. Respondent neither admits or denies a violation of that rule, but has consented to the entry of this Consent Order.
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 the Respondent agree to the following Order:

1. On June 22, 2021, the Respondent requested that his CPA certificate be placed on inactive status. As such, the Respondent, Curt W. Fochtmann’s ability to reactivate his certificate is hereby revoked for a period of one year following the Board’s approval of this Consent Order.
2. The Respondent must return his certificate to the Board within fifteen (15) days of his receipt of the Board’s notification of its approval of this Consent Order.
3. The Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall the Respondent claim or attempt to use any practice privileges in any other state based upon his revoked North Carolina certificate.

Approved by the Board on April 21, 2022.

CPA Certificate Renewal Deadline

The deadline for completing the 2022-2023 individual CPA certificate renewal is June 30, 2022.

Information about the renewal was published in the April 2022 Activity Review (https://bit.ly/3MKeQqu).

You can access the renewal using the link in the “How Do I” box on the Board’s website, nccpaboard.gov.
FAQs: CPE Required for NC CPA Certificate Renewal

CPE reporting is often the part of the CPA certificate renewal that trips up licensees. Below are the answers to some of the most frequently asked CPE questions the Board staff receives.

Q. What is the CPE requirement to be eligible to renew my license?
A. A CPA licensed before April 1, 2021, must complete 2,000 minutes of CPE to be eligible to renew.

If you were licensed as a North Carolina CPA after April 1, 2021, but before January 1, 2022, the requirement is prorated based on the calendar quarter in which you were licensed. See 21 NCAC 08G .0401(d) for details.

As part of the annual CPE requirement, CPAs licensed before January 1, 2022, must complete at least 50 minutes of CPE on regulatory or behavioral professional ethics offered by a sponsor on NASBA’s National Registry of CPE Sponsors, nasbaregistry.org.

Q. I’m a non-resident NC CPA. Do I need to meet North Carolina’s CPE requirement?
A. As a non-resident CPA, you may satisfy the annual CPE requirement by completing the requirement in the jurisdiction where you are licensed and work or reside. If you are licensed and live or work in a jurisdiction that doesn’t have a CPE requirement, you must comply with the Board’s ethics requirement.

Q. I’m not sure I have any CPE carry-forward. How do I find out?
A. Before starting the renewal, use the “Find CPA/Find CPA Firm” link on the Board’s website, nccpaboard.gov, to look up your record. Clicking on the “Details” link will show your carry-forward.

Please contact Cammie Emery, Licensing Specialist at cemery@nccpaboard.gov with questions about CPE carry-forward.
Q. I didn’t take an ethics course in 2021, so I’m taking a class next month so I can renew my license. Can I count that class for 2021 and 2022?

A. Since the ethics course you plan to complete next month is for the 2021 calendar year requirement, you must complete a second 50-minute course before December 31, 2022.

Q. If I didn’t complete the required CPE before the December 31, 2021, deadline, can I still renew my CPA certificate?

A. If you didn’t complete your CPE before December 31, 2021, but complete the needed CPE (including 50 minutes of ethics) before June 30, 2022, you may renew your certificate if you have the certificates of completion for each CPE activity you completed between January 1, 2021, and June 30, 2022.

Completing the CPE requirement between January 1, 2022, and June 30, 2022, without an approved extension from the Board may result in a Letter of Warning, but no discipline.

If this is your second failure to complete the required CPE hours by December 31 within a five-calendar year period without an approved extension, the Board will deny your renewal.

Send your questions about CPA certificate renewal to Buck Winslow, the Board’s Licensing Manager, at buckw@nccpaboard.gov.

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### Exam Score Release Dates

<table>
<thead>
<tr>
<th>If you take your exam on/before:</th>
<th>Your target score release date is:</th>
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<tbody>
<tr>
<td>May 16, 2022</td>
<td>May 24, 2022</td>
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<tr>
<td>June 8, 2022</td>
<td>June 16, 2022</td>
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<tr>
<td>June 30, 2022</td>
<td>July 12, 2022</td>
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<td>July 23, 2022</td>
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<td>August 15, 2022</td>
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<td>September 7, 2022</td>
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</tr>
<tr>
<td>January 1, 2023</td>
<td>January 10, 2023</td>
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</table>

Follow NASBA on Twitter (@NASBA) for score release updates.

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### 2022-Q1 CPA Exam Performance: North Carolina

#### Overall Performance

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Unique Candidates</td>
<td>558</td>
</tr>
<tr>
<td>New Candidates</td>
<td>194</td>
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<tr>
<td>Total Sections</td>
<td>667</td>
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<tr>
<td>Passing 4th Section</td>
<td>63</td>
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<tr>
<td>Sections/Candidates</td>
<td>1.2</td>
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<tr>
<td>Pass Rate</td>
<td>56.07%</td>
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<tr>
<td>Average Score</td>
<td>73.79</td>
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</tbody>
</table>

#### Jurisdiction Ranking

(Out of 55 Jurisdictions)

- Candidates: 15
- Sections: 15
- Pass Rate: 7
- Average Score: 10

#### Section Performance

<table>
<thead>
<tr>
<th>Section</th>
<th>Sections</th>
<th>Score</th>
<th>% Pass</th>
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<tbody>
<tr>
<td>First Time</td>
<td>309</td>
<td>74.11</td>
<td>57.61%</td>
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<tr>
<td>Re-Exam</td>
<td>356</td>
<td>73.49</td>
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<tr>
<td>AUD</td>
<td>173</td>
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<tr>
<td>BEC</td>
<td>156</td>
<td>78.83</td>
<td>62.82%</td>
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<tr>
<td>FAR</td>
<td>200</td>
<td>72.06</td>
<td>51.00%</td>
</tr>
<tr>
<td>REG</td>
<td>138</td>
<td>74.19</td>
<td>62.32%</td>
</tr>
</tbody>
</table>

North Carolina State Board of Certified Public Accountant Examiners
Privilege License Tax Reminder

NCGS 105-41 requires each owner, principal, or manager in a CPA firm or business providing accounting services to third parties to purchase a $50.00 annual privilege license from the North Carolina Department of Revenue (NCDOR).

In addition, a license tax of $12.50 is due for “each person employed who is engaged in the capacity of supervising or handling the work of auditing, devising or installing systems of accounts.”

There are exemptions to the privilege license tax for a person who is at least 75 years old and a blind person engaging in a trade or profession as a sole proprietor.

Privilege licenses (NCDOR Form B-202A) are renewable annually by July 1; no grace period is allowed before penalty accrues.

Please direct all questions about the privilege license tax to the NCDOR Excise Tax Division at 1-877-252-3052.

CPA Certificates Issued

On April 21, 2022, the Board approved the following individuals for North Carolina CPA licensure:

Karyn Sue Abbott
Mohamed Abdelrazig
Shannon LeeAnn Adams
Russell Clayton Albers Jr.
Tyler Ross Allen
Ernest Jeffrey Alired
Dayana Alvarez
Amy Madilyn Andrews
Cathy Jo Baggenstoss
Nicholas Tyler Bailey
Julie Gail Baress
John Daniel Barut
Kaila Lareigh Berger
Christopher Allen Boothe
Todd Wyatt Brown Jr.
Sebastiano Matteo Calabro
Brooke Taylor Cameron
Peter Lawrence Cerquone
Sunita Rao Chillarege
Caroline Leith Clayton
Benjamien Harris Coffey
Kristie Lavern Collins
Rachel Ellen Cook
Keleigh Shea Coppenger
Douglas Cortese
Rose Michelle Cossuto
Rebecca Marie Crampler
Giancarlo Soprano Cusati
Jana Suzanne Daggett
Rizalinda J. Dayrit
Nicholas William DeMaso III
Matthew Paul Dorfmeyer
Michael J. Drennan
Alexandra Frances Dunn
Nicholas John Fahrney
Zonglu Fan
Paige Armstrong Frost
Laura Jeanne Gardner
Inna Garnek
Jane Elizabeth Brooks Gaskins
Christina Gong
Shelby Nicole Graham
Kasey A. Greene
Dylan Patrick Hall
Robert Martin Harper
Emory Ellsworth Harshman IV
Elissa Maria Harvey
Tracy Leigh Harvey
Nathaniel Thomas Hathaway
Joshua Bradley Heim
Ryan Christopher Hickey
Alexander Jackson Holley
LaShena Avon Honore
Alexander Kirby Jackson
Jonathan Taylor Kane
Gina Marie Kelkis
Zachary Kyle Kennedy
Lindsey Rachele Kerns
Jared Daniel Kindy
Caroline Ruth Kingham
Joshua Charles Kleveland
Vibhav Kollu
David Sean Kratzke
Sandra Lafontaine
Kerry Patricia Lanigan
Robert Dillon Little
Anna M. Lloyd
Migena Lybeshari
James Andrew Manville
Samuel Alan Markiewitz
Shannon Lamm Maynard
Marcos Jose Melendez
Peter James Milcincovic
Brian Williamson Moore
Robert Lewis Morgan III
Charles Fred Mullen
Brandon Gray Myers
Donald Lee Nalley
Keri Ann Nile
Claudy Ocean
Devon Brent Parker
Michael David Guy Patch
Mary Beth Perryman
Ross Alden Pfaff III
Joseph Mahlon Pieper
Andrew Arthur Pizzello
Joseph Richard Popolizio
Sterling Thomas Porter II
John William Pouliot
Ashley Anne Rabie
Emerald Parsley Rammohan
Caroline Catherine Raper
Kaitlin Mae Carroll Raver
Allen Clarke Reed
Rachel Elizabeth Regan
Brittany Blackwell Reid
William Phillip Roberts
Mackenzie Agnes Rogers
Carly McKenzie Sanderson
Kwabena Boateng Sarpong
Megan Clare Schmidt
Michael Thomas Seaback
Sarah Mali Senn
Khyati Shah
Kaiyu Shi
William Randall Shields
Melissa Rae Shultz
Oksana Slobodyanyuk
Amber Virginia Smith
Corbin Andrew Smith
Annika R. Sponrning
Jeanne Marie St. Ville
Laurel McKay Stauffer
James Caleb Swaim
James Robinson Swigart
Oluchi Rebecca Taylor
Alyssa Ruth Thomas
Christopher Scott Trevathan
Rachel Lyn Wells
Zhenrong Wen
Kady Hill Whan
Alexis Vann Whisner
Justin Hunter Wright
Sara Ariella Wright
Maheder Demissie Yohannes

Privilege License Tax Webinar

On June 9, 2022, the NCDOR will host a free privilege license tax webinar.

To sign up for the webinar, visit the Seminar and Workshop page of the NCDOR website, https://bit.ly/3L3zj81.
At its April 21, 2022, meeting, the Board approved the applications for CPA license reclassification submitted by the following individuals:

### Reinstatement
- Severino Michael Alvarez, #40650  Spartanburg, SC
- John Humphreys Gray, #17230  Mount Olive, NC
- Eric Thomas Gupton, #29366  Raleigh, NC
- Elena Marie Pisarik Koutouzos, #37254  Rocky Mount, NC
- Katelyn LeAnna Smith, #44713  New Bern, NC
- Michael Anthony Tomlinson, #36255  Fort Mill, SC
- Joseph Thomas Wood, #38149  Asheville, NC
- Laura Pokojni Young, #36019  Fort Mill, SC

### Reissuance
- Sara Christine Meyer, #41371  Charlotte, NC

### Inactive Status
Between April 1, 2022, and April 30, 2022, 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)].

- Hoyle Lee Linker, #16254  Cary, NC
- Joan Wysner Reese, #17273  Stanley, NC
- Shelley Brothers Farris, #27229  Kannapolis, NC
- William James MacKrell, #20520  Durham, NC
- Lu Tang, #37196  Campbell, CA
- Judith P. Blount, #18771  Raleigh, NC
- Margaret Mary Donilon, #18005  Raleigh, NC
- Eric Joseph Murphy, #35292  Charlotte, NC
- Sandra Held Reese, #17923  Raleigh, NC
- Rebekah Catherine Howard, #39665  Raleigh, NC
- Paul Lewis Hallock, #26535  Charlotte, NC
- Marion Stanley Hall, #14806  Lenoir, NC
- Diana Lynn Hopkins, #25330  Chapel, SC
- David Jesse Bradley, #2910  Nashville, NC
- Peggy Slaughter Ainsworth, #15156  Charlotte, NC
- Karen Nacy Goodchild, #35320  Jefferson City, MO
- Anna Caulder Tang, #40930  Asheville, NC
- Mary Lou Rathe Barlow, #17145  Durham, NC
- Cindy Faulkenberry Campbell, #23016  Sandys, Bermuda
- Dorreen Loraine Gaudian, #30221  Rock Hill, SC
- Nathan Robert Hales, #42845  Rural Hall, NC
- Steve E. Reavis, #16329  Elon, NC
- Linda Noe Robinson, #19681  Newton, NC
- Sara Faye Thordikke, #39506  State College, PA
- William Kent Weaver, #29610  Bessemer City, NC
- Alan Wells, #15234  Jacksonville, NC
- Cheryll E. Mayle, #19060  Lakeland, FL
- Stephen Mark Moore, #15355  Cary, NC
- Margaret Brady Hunter, #15693  Asheville, NC
- Kurtis Fredrick Underwood, #24266  Blairsville, GA
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Cammie Emery
Alice Grigsby
Buck Winslow
Professional Standards
Mary Beth Britt
Julia L. Mayo
Jeffrey Tankard

2022 Dates to Remember

Dates, times, and locations are subject to change.

May 23 - Board Meeting - Raleigh, 10:00 a.m.
May 30 - Office Closed - Memorial Day
June 20 - Office Closed - Juneteenth
June 23 - Board Meeting - Raleigh, 10:00 a.m.
June 30 - CPA License Renewal Deadline
July 4 - Office Closed - Independence Day
July 25 - Board Meeting - Raleigh, 10:00 a.m.
July 30 - Final Deadline for CPA License Renewal
August 29 - Board Meeting - Raleigh, 10:00 a.m.
September 5 - Office Closed - Labor Day

2,000 copies of this document were printed in May 2022 at an estimated cost of $2,075 or approximately $1.04 per copy.