



North Carolina State Board of Certified Public Accountant Examiners

PUBLIC SESSION MINUTES

April 20, 2026

BOARD MEMBERS IN ATTENDANCE: Jodi K. Kruse, CPA, President; D. Michael (Mickey) Payseur, CPA, Vice President; Ulysses Taylor, CPA, Esq., Secretary-Treasurer; Tammy F. Coley, CPA; Maria M. Lynch, Esq.; and Kecia Williams Smith, Ph.D., CPA.

BOARD STAFF IN ATTENDANCE: David R. Nance, CPA, Executive Director; S. Lynne Sanders, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; and Lisa Hearne-Bogle, Communications Officer.

OTHERS IN ATTENDANCE: Noel L. Allen, Esq., Board Legal Counsel (via WebEx); William Temple Allen, CPA; Robert Broome, Vice President of Advocacy & Outreach, Alice Grigsby, Licensing Specialist; NCACPA; Lt. J.D. Rattelade, Raleigh Police Department; Claudia Stephens; Mark D. Stephens, CPA; and Mark Soticheck, CPA, CEO, NCACPA.

CALL TO ORDER: Ms. Kruse called the meeting to order at 10:01 a.m. and stated that with six Board members in attendance, a quorum was present.

CONFLICT OF INTEREST: No Board member reported an actual or perceived conflict of interest with any agenda item.

APPROVAL OF AGENDA: Mr. Taylor moved to approve the agenda, and Ms. Lynch seconded. The motion passed with six votes in favor, and none opposed.

MINUTES: Ms. Lynch moved to approve the March 16, 2026, meeting minutes, and Mr. Taylor seconded. The motion passed with six votes in favor, and none opposed.

FINANCIAL AND BUDGETARY ITEMS: Mr. Payseur moved to approve the March 2026 financial statements, and Mr. Taylor seconded. The motion passed with six votes in favor, and none opposed.

LEGISLATIVE AND RULEMAKING ITEMS: Mr. Nance informed the Board that the Rules Review Commission (RRC) of the Office of Administrative Hearings is scheduled to review the proposed rules at its April 28, 2026, meeting.

NATIONAL ORGANIZATION ITEMS: Mr. Payseur and Mr. Nance provided a summary of the recent work of the NASBA committees on which they serve.

The Board reviewed and discussed the draft response to the AICPA Professional Ethics Executive Committee's Exposure Draft, *Proposed Revisions Related to Alternative Practice Structures*. The Board discussed the key components of the response and identified potential updates to the staff-prepared response. The Board directed Executive Staff to incorporate revisions as suggested by Board members and to submit the final version to the PEEC by the April 30 deadline. (Appendix I)

STATE AND LOCAL ORGANIZATION ITEMS: The Board reviewed and discussed the current procedures used by staff to verify applicants' Social Security numbers. Ms. Lynch moved to approve the use of LEXIS Advance by Board staff for Social Security number verification, as required by NCGS 93B-14. Mr. Payseur seconded the motion. The motion passed unanimously, with six votes in favor and none opposed.

PROFESSIONAL STANDARDS COMMITTEE REPORT: The Board approved, with six votes in favor and none opposed, the following Committee recommendations presented by Mr. Payseur:

Case No. C2026021 – William Jordan Connelly - Approve the signed Consent Order. (Appendix II)

Mr. Payseur reported that the Committee provided guidance to the staff on six items.

PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE REPORT: The Board approved, with six votes in favor and none opposed, the following Committee recommendations presented by Dr. Smith:

Application for Transfer of Exam Scores - Approve the following applications for transfer of Uniform CPA Exam scores from another jurisdiction:

Ellen Gabriely Castro Almeida
Demar Joshua Dennis
Deia Tika McGuire

Gavin Ray Neugart
Samuel Lee Schubert

Application for Original CPA Certificate - Approve the following applications for original North Carolina CPA licensure:

Meghan Brittany Barrett
Jake Dallas Bentley
Ellen Gabriely Castro Almeida
Julian Kevina Codner-Christian
Kelly Ann Coppinger
Owen James Crettol
Gefei Deng
Demar Joshua Dennis
Kristin Stumpf Holder
Hunter Graham Lutz
Deia Tika McGuire

Gavin Ray Neugart
Anne Amelia Nutter
Daniel Ethan Osborne
Weldon King Ray
Reid Joseph Richards
Bonni Lynn Roark
Hailey Sarah Ross
Samuel Lee Schubert
Scott Kristopher Smith
Shayista Syed
Megan Elizabeth Sytsma

Application for Temporary Permit - Approve the following temporary permits approved by the Deputy Director:

Charlotte Lauren Manning T15575
John Thomas Brack T15576
Thomas J. Efthimiades T15577
John Martello T15578

Michaela Renee McCracken T15579
Nicole Elizabeth Halevy T15580
Kirk Allen Block T15581
Evan Anthony Fish T15582

Hareesha Boyagodage T15583
Caroline Beeler Hardin T15584
Lauren Wiggins Mayers T15585
William Robert McGoldrick T15586
Mary Angela Watson T15587
Matthew Wayne Halpern T15588
Curtis Grant Robinson T15636
Kara Alicia James T15637
Russell Scott Fisher T15638
Eric Thomas Krisher T15639
Chih-Ching Elizabeth Hsu T15640
Jack Davis Burdett T15641

Samantha Mckenzie Yergeau T15642
Thanh Dao Ngo T15643
Tara Lynn Youel T15644
James Ottis Dean Swindle Jr. T15645
Brian H. Travers T15646
Enselme Fandohan T15647
Reese Jefferson Walton T15648
Alexander Charles Drury T15649
Charles Brian Gaskins T15650
Jonathan Laird Germer T15651
Marie Christine Saunders T15652
Ryan Thomas Cello T15653

Application for Reciprocal CPA Certificate - Approve the following applications for reciprocal CPA certification:

Kirk Allen Block
John Thomas Brack
Andrew Martin Breytenbach
Nicolette Kristin Dailey
Ryan Thomas Fidlow
Evan Anthony Fish
Mary Allison Crawford Glenn
Caroline Beeler Hardin

Stephen James Kennedy
Brian David Kuenzi
Lauren Wiggins Mayers
Michaela Renee McCracken
Edgar Quiroga
Andrew Charles Wass
Mary Angela Watson

Application for Reinstatement of CPA Certificate - Approve the following application for CPA certificate reinstatement:

Karen Alisa Frazier, #27956

Application for Reissuance of CPA Certificate: Approve the following application for CPA certificate reissuance:

Joseph Michael Benedetti, #41934

CPE Extension Requests (Approval) - Approve three requests for an extension to complete the 2025 CPE requirement before June 30, 2026, without penalty.

Applications for Uniform CPA Exam - Approve the following applications to sit for the Uniform CPA Exam as a North Carolina candidate:

Noah Abernethy
Robert Adomaites
Dayelin Anuel
Nischwitz Aubrey
Ashley Bader

Jordan Banks
Tyler Barker
Brandi Barnes
Allen Barnett
Lauren Becker

Brendelle Benjamin	Michael Datre
Jonthan Benthall	Jack Davison
Emma Berge	Thomas Dawson
Mika Berry	Riley Dean
Zaniya Biddines	Edmond DeAngelis
Rachel Blevins	William DeMore
Anna Blue	Erinn Diehl
Anjelica Boney	Shemeka Dillard
John Bonfiglio	Connor Dorflinger
Bobbie Bradley	Amari Earl
Brenna Braswell	Erica Earnest
Olivia Brettschneider	Alec Edens
Ethan Bright	Caleb Edwards
Eric Brown	Haley Edwards
Sierra Brown	Duaa Elamin
Gilleyn Bunting	Liam Ellett
Wyatt Burnham	Denisha Emerson
Nicholas Butner	Anna Evans
Summer Buxton	Ethan Evans
Lauren Canto	Megan Evans
Christina Canty	Fernanda de Almeida Barboza
Samuel Carson	Jackson Ferrell
Christopher Carter	Ethan Flannery
Veniza Catlett	Zachary Floss
Natasha Charles	Kelsey Fontaine
Yu Chen	Sean Fraser
Xavier Chester	Sarah Freeman
Kassady Cheyunski	Kaitlyn Frey
Cheryl Cleaton	Shanaya Fribbley
Cara Clippinger	Manuel Fuentes-Quiroz
Rebecca Conti	Carson Fulp
Abigail Cook	Travis Gallup
Daniel Cooper	Brianna Garbrandt
Janell Cooper	Samuel Geisinger
Carrie Corriher	Luke Gentry
Steven Cortes Moran	Ethan Goodwin
Ruth Crawford	Lakshmi Gopalraj
Mikaela Critides	Dillon Gregory
Samantha Crocker	Brittany Grenz
Gregvondeo Cummings	Paul Griffin
Christopher Cunningham	Owen Gullede
Cailin Daigle	Zayd Hannini
Mara Dameron	Angela Hardy
Brian Dampman	Keely Hargan
Paul Daniel	Tanikya Harmon
Faith Daniels	Paige Harvey

Brett Hays	Delaney McHale
Josh Hazlett	Roark McLean
Josef Hefele	Caroline McMullan
Caylinn Helm	Susan Medellin
Lucas Hicks	Jacob Meier
Mason Hines	Tate Mickey
Heather Holbrook	Christian Miller
Kendall Hollifield	Michael Miller
Logan Hollingsworth	Charles Mitchum
Tiana Hooker	Kellie Monacell
Kristen Hooks	Molly Moore
Cooper Hough	Abrianna Morris
Abigail Houttekier	Grant Myers
Keely-Dan Howell	Caitlin Nay
Lacey Hudson	Matthew Norby
Zachary Hui	Ian Norris
Mason Hutchinson	Erica O'Rourke
Keno Ivri Ivri	Daniel Oakley
Preston Jason	Johan Ohman
Laura Jata	Brendan Outlaw
Ashley Jensen	Sabryn Owens
Weili Jin	Anikka Pace
Domino Jose	Desi Parker
Tatenda Kadondo	Nicholas Parker
Carson Kania	Zhanna Parker
Anna Kemp	Olivia Paszt
Nathan Kidder	Dristi Patel
John King	Nicole Patty
Noah King	Katelyn Pearson
Yasmin Kirkwood	Robert Peek
Virginia Kohake	Jared Pelofsky
Robin Krcelic	Tyson Petermann
James Lambert	Rebecca Petersen
Elizabeth Lassing	Sarah Petersen
Spencer Lewisohn	Emilie Philyaw
Radiatu Ligbi	Marshall Pile
Nichole Lindgren	Mabry Platt
Morgan Littrell	Lynsey Plunkett
Ethan Lovelace	Jenna Porter
Cole Lucas	Christopher Poston
Colin Madden	Blaire Powell
Keyshla March De Jesus	Erin Rafferty
Emma Martin	Ashlea Ray
Patrick Martinsen	Frank Raya-Viera
Joseph Massaquoi	Leon Reid
Barrett McGuire	Brett Reynolds

Philipp Roedl
Austin Rogers
Tajhia Rogers
Kaitlyn Roman
Ann Rose
Curtis Rucker
Katheryn Rudd
Morgan Rumble
Ava Rupp
Lokesh Satyal
Emma Sawtell
Natalie Sawyer
Katie Shimauro
Christina Shvidrik
Paul Silverstein
Benjamin Simpkins
Andrew Simpson
Sarah Smith
Bailey Spell
Rachel Spinelli
Philip Spotts
Marc Stallknecht
Briana Stevens
Nicholas Stewart
John Sykes
Marketa Sykorova
Rickayla Tennessee
Patrez Thomas
Kyle Toomb
Brett Tornquist
Valerie Troxler

Sarah Truelove
Jordyn Veasey
Margaret Venturino
Jillian Villanti
Sarah Wallace
Erica Walters
Xiaoya Wang
Jace Ward
Rahel Ware
Allison Warren
Luke Washburn
Lanett Washington
Lacey Way
Isaac Welborn
Isabelle White
Thomas Whitesell
Hazel Wiley
Malique William
Ashlyn Williams
Catherine Williamson
Julia Wilson
Kari Wilson
Khendra Witt
Michelle Wixon
Chris Wood
Basir Wright
Lindsey Wright
Brandon Yarusinsky
Molly Zazzaro
Neftali Zelaya
Jie Zhao

Application for Firm Registration - Approve the following CPA firm registration applications as approved by the Executive Director:

Crowe LLP
HB PARTNERS CPA PLLC
MGS Integrity Tx, PLLC

Patel Tax & Advisory, PLLC
Roque CPA, PLLC

Miscellaneous – Approve the request of an inactive CPA to apply for a reciprocal license in Florida, where the applicant currently holds an active license, and approve the audit of the 2026 CPE.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The Board reviewed the March 2026 operational metrics and the April 2026 Executive Staff Report.

RECOGNITION OF NC CPA LICENSURE MILESTONES: Ms. Kruse presented Certificates of Recognition to Mr. Allen, a North Carolina CPA for 53 years as of February 2026, and to Mr. Stephens, a North Carolina CPA for 53 years as of March 2026.

Ms. Kruse directed the staff to send a Certificate of Recognition to the following individuals who have held an active North Carolina CPA license for 50 or more years as of April 2026:

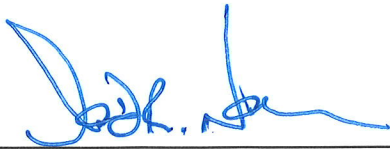
Name	Years of Licensure
James Canady Parker, #9014	50
Kenneth Sterling Garmon Sr., #7154	53
Reginald Alan Griffin, #7155	53
Charles Edgar Sams Jr., #7159	53
William Graham Boyd, #7161	53
John Leslie Tilley, #5526	54
James Ivey Wilson, #5527	54
James Brock Pierce, #5530	54

PUBLIC COMMENTS: Mr. Sotichack provided a summary of the recent and upcoming activities.

ADJOURNMENT: Mr. Taylor moved to adjourn the meeting at 11:10 a.m., and Ms. Coley seconded. The motion passed unanimously, with six votes in favor and none opposed.

Respectfully submitted:

Attested to by:



David R. Nance, CPA
Executive Director



Jodi K. Kruse, CPA
President



North Carolina State Board of Certified Public Accountant Examiners

April 29, 2026

Professional Ethics Executive Committee
 American Institute of Certified Public Accountants
 1345 Avenue of the Americas
 New York, NY 10105
 Sent Via Email Only: ethics-exposuredraft@aicpa.org

Re: Exposure Draft – Proposed Revisions Related to Alternative Practice Structures

Dear Members and Staff of the Professional Ethics Executive Committee:

The North Carolina State Board of Certified Public Accountant Examiners (the “Board”) appreciates the opportunity to comment on the Exposure Draft, *Proposed Revisions Related to Alternative Practice Structures* (the “Exposure Draft”). The Board is charged with protecting the public interest through the regulation of the certified public accountant title in North Carolina. The Board acknowledges that this is a complex area and appreciates PEEC’s efforts to bring some clarity to the issue.

General Comments

The Board supports revisiting the concept of Alternative Practice Structures (“APS”) in light of the increased prevalence of outside investors, primarily private equity investors’ interest in procuring stakes in CPAs’ nonattest practices. The Board has identified four primary areas of concern regarding the influx of private equity money into CPA practices.

1. Auditor Independence issues arising from the increasingly complex ownership and control in APS arrangements.

This issue arises whenever a CPA firm audits a specific entity that may be within the APS’ umbrella.

2. Potential subordination of professional judgment.

This issue arises for all audits or other engagements, regardless of the entity being audited. Nevertheless, auditor judgment is the Board’s primary concern.

3. Transparency and disclosure issues.

This issue arises any time a member of the public reviews publicly available information provided by an APS in order to make informed decisions.

4. Complexity and failure to provide certainty for regulators.

This issue pertains to any person attempting to discern whether a CPA in an APS has an impairment to independence or the appearance of impaired independence.

Auditor Independence issues arising from the increasingly complex ownership and control in APS arrangements.

Audit quality depends on independence, both in fact and in appearance. Complex ownership structures make it harder to track independence violations across “network firms.” Large private equity groups invest in a multitude of funds, which in turn invest in an even greater number of business entities. In those situations, CPA firms need to develop robust processes to ensure that they are not auditing entities that are controlled or influenced by the same private equity group (or other investors) that controls or influences the CPA firm’s APS.

CPA firms would need to apply the conceptual framework for independence in evaluating the relationship and circumstances of the engagement. That approach entails identifying threats and evaluating the threat that the CPA firm would not be independent or would be perceived by a **reasonable and informed third party** who is aware of the relevant information as not being independent. The Board has concerns that the Exposure Draft is so complex that it requires numerous charts, diagrams, and nonauthoritative examples for the most experienced CPAs to understand and attempt to apply the proposed revisions. As such, a “reasonable and informed third party” appears to be a high bar that is not readily attainable in these circumstances.

Subject to the comments set forth in the **Comments on Specific Questions from the Exposure Draft**, the Board is supportive of the PEEC Exposure Draft’s attempts to address the independence issues that can arise.

Subordination of professional judgment

This Board is concerned about the potential for non-CPAs to influence auditors’ business judgment. The most worrying aspect of some APS is the administrative service agreement (“Service Agreement”), whereby non-CPAs may exercise control over the attest entity. In those types of APS, there is a threat that the CPAs will be placed in situations where their auditor judgment is subordinated to the judgment of non-CPAs.

CPAs have historically operated through professional firms where partners prioritize reputation and long-term client trust. This Board is concerned that the foregoing paradigm could be replaced by a system in which professional values are threatened by commercial incentives. The Board believes that the traditional role of CPAs, as holders of the public trust, should not be compromised by a business model that is focused on return on investment and maximization of profits. The latter could lead CPAs to face cost-cutting efforts such as restrictions on audit hours; standardization at the expense of professional judgment; and an emphasis on revenue-generating services over auditor skepticism.

The shift has the potential to move crucial decision making away from licensed professionals, the persons most qualified to make those decisions. It also moves the responsibility of those decisions to individuals who are outside of board of accountancy oversight.

The Exposure Draft takes efforts to address some of the concerns regarding subordination of judgment that may arise in an APS. It identifies the following threats related to an APS:

1. The investor pressures the attest firm and/or nonattest entity to meet internal or external targets.

2. The investor participates in decisions affecting the attest firm such as independence, quality management, or compensation of attest partners.

The Board believes that the foregoing references to threats may not be sufficient to address the possibility that the judgment of licensed professionals will be supplanted by non-professionals. The Board suggests that PEEC consider re-proposing the Exposure Draft with a proposed amendment to prohibit the foregoing by including language that the foregoing “threats would not be at an acceptable level and could not be reduced to an acceptable level by the application of safeguards.” Paragraph 18 does address some of our concerns regarding the threats. However, 18(d) does not go as far as our proposal.

Additionally, there are some Service Agreements in which the actual CPA-auditors are employed by the nonattest entity and leased to the CPA firm. In those instances, non-CPAs are the actual employers of the CPA-auditors. Therefore, this Board has identified the following threat to independence:

In an alternative practice structure, a nonattest entity controlled by investors is the employer of licensed CPAs that conduct audit services.

The Board further suggests that the threat posed by having CPA-auditors employed by investor-controlled nonattest entities could warrant some consideration by PEEC that it be elevated to the status of a threat that could not be reduced to an acceptable level by the application of safeguards.

Transparency and disclosure issues

The Board notes that there is a high potential for members of the public to become confused when dealing with CPAs in an APS. The introduction of large private equity investors into the analysis could potentially exacerbate that confusion. Private equity structures can be opaque, leaving clients with little understanding regarding who owns the firm, who has responsibility for the services that are being rendered, and even the identity of the entity with whom they are contracting.

This Board and other regulators are concerned with the insufficient transparency of the APS. The Board has a representative serving on the NASBA Private Equity Task Force and is fully committed to finding operational solutions to this complex area. Transparency is one of the critical areas being reviewed by this Task Force with the goal of providing uniform guidance to state boards.

The Board recognizes that PEEC and the AICPA are the primary sources of independence standards. However, the Board believes that the transparency and disclosure issues are more in line with other matters that have been within the state boards’ scope. The Board also notes that the UAA Model Rules may be a vehicle to achieve uniformity in the application of potential transparency and disclosure rules. Therefore, this may be an issue best left to the state boards of accountancy in order to develop policies regarding CPA firm and APS websites and other methods of clearly disclosing necessary information to the public.

Complexity and failure to provide certainty for regulators

Regulators, licensees, and the public all need a practical standard in order to promote consistent application. Further, many states have adopted the AICPA Rule of Professional Conduct into their own regulations. As such, those rules may ultimately need to withstand judicial scrutiny if

challenged. In order to withstand due process challenges, rules must be clear and definitive. Rules that are ambiguous or speculative are routinely declared to be unenforceable by the courts. As set forth in the discussion regarding subordination of judgment above, the Exposure Draft may not provide definitive guidance to persons seeking to apply the rules. Rather, it relies on the “principles-based” approach that requires CPAs/firms to apply judgment to frame ethical considerations without providing any bright line rules. The Exposure Draft is complex and challenging to understand, as demonstrated by the encouragement by PEEC in the Exposure Draft for members to consult an attorney or other specialist in navigating applicable laws and regulations.

The same concern exists at the initial stage of determining whether an investor should be considered as part of a network firm. The proposed rule incorporates the term “control” into the analysis. That term is ambiguous because it injects subjectivity. For example, the AICPA definition of control incorporates the following: “the direct or indirect ability to determine the direction of management and policies through ownership, contract, or otherwise. Including qualitative factors.” The Board suggests that PEEC consider a simpler bright-line standard. In the example of private investment in a CPA practice through an APS, it is likely that any investment in the APS is the result of deliberate transactions between the parties and is therefore significant. Alternatively, PEEC could consider adopting a baseline ownership threshold, much like the 5% threshold utilized by the SEC in its Rule 2-01 of Regulation S-X when evaluating whether a CPA’s ownership interest in an audit client constitutes an independence impairment.

Comments on Specific Questions from the Exposure Draft

Subject to the concerns expressed above, the Board provides the following responses to the specific questions included in the Exposure Draft:

a. Do you agree that “investor” is defined appropriately (.04c)? If not, please explain.

The definition of “investor” in the Exposure Draft focuses on the financial interest of the entity or individual with financial interest defined in the Code (ET sec. 0.400.17) as an ownership interest in an equity or debt security issued by an entity. The Board believes some consideration should be given to those circumstances in which an entity may gain control or significant influence over the nonattest entity in an alternate practice structure.

b. Do you agree that the definition of “key stakeholders of the investor” is clear in terms of which individuals are included?

The Exposure Draft defines key stakeholders as individuals who represent or act on behalf of the investor. This definition fails to account for other individuals that have the ability to influence the nonattest entity or investors who have an interest in the outcome of an audit.

c. Do you agree the three models should be included in the interpretation (.06-.07)? If not, please explain, including whether you believe one or more should be included in nonauthoritative guidance or if there are other models that should be included in nonauthoritative guidance.

The Board agrees that the three models are helpful in understanding the basic construct of each of the three APS models.

d. Do you agree that the definition of “network firm” should be amended to add the requirement that the cooperation characteristic (as described in paragraph 29 of the explanatory material) in the definition of “network” be met before a controlling investor of a network firm is considered a network firm? If not, please explain.

The Board does not agree that the definition of “network firm” should be amended to add the requirement that the cooperation characteristic in the definition of “network” be met before a controlling investor of a network firm is considered a network firm. The concept of cooperation appears to add an unneeded level of complexity to the analysis.

i. Do you agree that if the controlling investor is a network firm based on the definition of “network firm,” then other entities it controls should also be network firms? If not, please explain.

The Board agrees that if the controlling investor is a network firm, then the other entities it controls should also be network firms.

e. Do you agree that in an APS, the nonattest entity should be subject to the same independence requirements as the attest firm, including the requirements under the “Independence Standards for Engagements Performed in Accordance with Statements on Standards for Attestation Engagements” subtopic (ET sec. 1.297) (.14)?

The Board agrees that in an APS, the nonattest entity should be subject to the same independence requirements as the attest firm, including the requirements under the “Independence Standards for Engagements Performed in Accordance with Statements on Standards for Attestation Engagements”.

i. If you do not agree, do you believe the “Conceptual Framework for Independence” interpretation should be applied to evaluate the significance of threats created by the nonattest entity’s and its controlled entities’ relationships with attest clients subject to the SSAEs?

1. If so, what factors should be considered in evaluating the significance of threats and whether potential safeguards could be implemented?

See response above.

f. Do you agree that when an investor does not provide professional services and the investor’s activities are limited to investing in the nonattest entity and advising on the budgetary or strategic direction of the attest firm (described in paragraph 32 of the explanatory material), then the investor is generally not a network firm? If not, please explain.

The Board does not believe that the investor’s service offerings are relevant to the analysis. All parties “upstream” or otherwise with a debt or equity investment from the investor should be assessed at the bright-line 5% threshold. The definition should encompass all entities within the investor’s portfolio as network firms.

i. If you agree, state whether you believe these factors should be in authoritative or nonauthoritative guidance.

See response above.

g. Do you agree with the factors for determining whether cooperation exists for the purpose of enhancing capabilities to provide professional services as described in paragraph 33 of the explanatory material?

As previously noted herein, the Board believes that the notion of cooperation adds another level of analysis to a process that is already complex.

i. If you agree, state whether you believe these factors should be in authoritative or nonauthoritative guidance.

ii. Do you believe any additional factors should be included for determining whether cooperation exists? If so, please provide the additional factors.

See response above.

h. Do you agree that the covered member section (.15-.16) should remain in the interpretation?

The Board agrees that the covered member section (.15-.16) should remain in the interpretation.

i. If not, should this section be presented as application material on how to apply the “covered member” definition in an APS in nonauthoritative guidance?

See response above.

i. Do you agree that the chief executive of the nonattest entity (and other individuals in an attest partner’s chain of command in the nonattest entity) should be evaluated under the “covered member” definition rather than be automatically considered covered members (.16)? If not, please explain.

The Board agrees that the chief executive (and other individuals in an attest partner’s chain of command in the nonattest entity) of the nonattest entity should be evaluated as a covered member.

j. Do you agree that when the investor has significant influence or control over the nonattest entity, the attest firm should not provide a financial statement attest service to an investee of the investor if an upstream entity of the nonattest entity is an affiliate of the investee (.18b)? If not, please explain.

The Board agrees with the foregoing proposition.

k. Do you agree that when an attest client has a financial interest in the nonattest entity, independence is impaired, regardless of whether the attest client has significant influence over the nonattest entity (.18c)? If not, please explain.

The Board agrees that, when an attest client has a financial interest in the nonattest entity, independence is impaired.

l. Do you agree that, in an APS with PE when the PE investor controls the nonattest entity, the attest firm should not provide attest services to another portfolio company in any fund when the PE investor either a) has significant influence over the portfolio company and the investment is material to the fund, or b) controls the portfolio company (.18d)? If not, please explain.

The Board agrees that in an APS with PE when the PE investor controls the nonattest entity, the attest firm should not provide attest services to another portfolio company in any fund if either (a) or (b) above are met. Also, the Board believes that the word “and” should be replaced with the word “or” so that the materiality is not required when there is significant influence.

m. Do you agree that the prohibitions described in paragraph .18b.-d. of the interpretation regarding the provision of attest services to investees and other entities of the investor (that is not a network firm), along with the use of the conceptual framework for independence for circumstances when the prohibitions would not apply (.20) are sufficient to address threats to independence in the circumstances described in the respective paragraphs? If not, please explain.

i. For example, when the investor has significant influence over the nonattest entity, the attest firm would apply the conceptual framework for independence when evaluating whether a controlled portfolio company in the same fund as the nonattest entity could be a financial statement attest client if the controlled portfolio company is not material to the fund (that is, the fund is not an affiliate).

The Board believes that the foregoing example would constitute an undue impairment of independence.

n. Do you agree with the “Relationships with individuals and entities that generally do not create threats to independence” section (.21-.22)?

In general, the Board agrees that those relationships do not create threats to independence. However, specific relationships still need to be evaluated for each engagement.

i. If you agree, should paragraphs .21-.22 remain in the interpretation? If not, do you believe the material should be presented in nonauthoritative guidance?

The Board agrees that paragraphs .21-.22 should remain in the interpretation.

o. Do you agree that the new paragraph .03 of the revised “Alternative Practice Structures” interpretation of the “Form of Organization and Name Rule” should be in the interpretation? If not, do you believe this is a practice issue as described in paragraph 66 of the explanatory material and, if so, is there another approach that should be considered (for example, in nonauthoritative guidance)?

If this question is referring to the disclosure requirements set forth on page 46 of the Exposure draft, then it is the Board’s position that this is an issue best left to the state boards of accountancy without guidance from PEEC.

p. Do you agree that the proposed guidance is operational? If not, please identify specific sections you do not agree are operational.

The Board appreciates the efforts made by PEEC to provide guidance; however, the Exposure Draft contains significant complexities that may make the proposed guidance difficult to be operational. The Exposure Draft acknowledges the complexities in its reference that members may need to “consult an attorney or other specialist who might be able to assist members in navigating applicable laws and regulations.” That creates a high bar for both understanding and having a

consistent application of the requirements. As proposed, the revisions could be applied by members in varying or contradictory ways, leading to variance in practice. This would not be in the public's interest and would increase the burden for those in the position of ensuring compliance with its requirements.

q. Are there any other independence threats related to practicing in an APS, as well as in traditional networks, that we haven't addressed? If so, please explain.

The current structure does not prohibit a nonattest entity from being controlled by non-CPAs. It also does not prohibit that nonattest entity from being the employer of licensed CPA-auditors. In those situations, this Board believes that further safeguards may be needed to ensure that the judgment of the licensed CPAs is not subordinated to their employers. However, the Board also recognizes that this issue could potentially be addressed in the firm ownership rules or the objectivity rules rather than the independence rules.

r. For what areas do you believe nonauthoritative guidance is needed (other than those already identified)?

The Board is unable to identify any areas where nonauthoritative guidance is needed.

In closing, the Board believes that the matters addressed in the Exposure Draft are of significant importance to protecting the public interest and maintaining the profession's integrity. We appreciate the opportunity to provide our perspective and respectfully submit these comments for your consideration as you evaluate and refine the proposed revisions.

Sincerely,

Jodi K. Kruse
Jodi K. Kruse (Apr 29, 2026 18:18:04 EDT)

Jodi Kruse, CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2026021

IN THE MATTER OF:
William Jordan Connelly, CPA, #44930
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. William Jordan Connelly, CPA (hereinafter “Respondent”), is the holder of North Carolina certificate number 44930 as a Certified Public Accountant.
2. The Respondent informed the Board on his 2025-2026 CPA certificate renewal that he had obtained the required CPE for calendar year 2024.
3. Based on the Respondent’s representation, the Board accepted his renewal.
4. The Respondent was subject to an audit of his CPE.
5. In response to the Board’s audit of his CPE, the Respondent could only provide documentation to substantiate thirty-five (35) hours of the forty (40) CPE hours required for 2024.
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 Respondent’s actions as set out above constitute violations of 21 NCAC 08N .0202(b)(4) and .0203(b)(5).
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. The Respondent is censured.
2. The Respondent's CPA certificate is subject to a one-year stayed suspension. Because the suspension is stayed, the Respondent's CPA certificate will remain active. If the Board finds that the Respondent has violated any other Board Rules of Professional Ethics and Conduct during the one-year period, the stay will be lifted, and the Respondent's CPA certificate will be actively suspended.
3. The Respondent shall pay a one thousand dollar (\$1,000) civil penalty.
4. The Respondent shall make up five (5) hours of CPE prior to June 30, 2026.

CONSENTED TO THIS THE 31ST DAY OF March, 2026
(Day) (Month) (Year)

William Connelly
Respondent

APPROVED BY THE BOARD THIS THE 20TH DAY OF April, 2026
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: Jodi R. Kruse
President

NC BOARD OF
APR - 6 2026
CPA EXAMINERS