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## Annual Members Meeting, October 22, 2002, Maui, Hawaii

American Institute of Certified Public Accountants (AICPA)

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AMERICAN INSTITUTE  
of  
CERTIFIED PUBLIC ACCOUNTANTS

Annual Members Meeting

October 22, 2002  
The Ritz-Carlton Hotel  
Kapalua, Maui, Hawaii

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521 Fifth Avenue, 17th Floor, New York, New York 10175  
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P R O C E E D I N G S

CHAIRMAN CASTELLANO: As you know, we're functioning at the Annual Meeting of the AICPA at this time.

A copy of the annual joint message from Barry and me, together with the audited financial statements for the past year, have been distributed to you. Extra copies are available at the registration desk. And, of course, the material will appear in the Journal of Accountancy which will be mailed to all of our members.

Steve Schenkel, could you please come forward. I would like to address now Item #12 in the agenda, the Report from our Independent Auditors.

I'm pleased to introduce Steve Schenkel, partner with JH Cohn, LLP, independent auditors of the AICPA, who will present our audit report.

Please welcome Steve to the podium.

(Applause.)

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MR. STEVE SCHENKEL: Thank you  
and good morning.

This morning Mike Mountjoy and  
Clarence Davis discussed the results of  
operations.

We were engaged to audit the  
combined financial statements of the AICPA,  
subsidiaries and related organizations as of and  
for the year ended July 31, 2002.

Additionally, we were also  
engaged to examine management's assertions  
included in the Statement of Management's  
Responsibilities for Financial Statements and  
Internal Control, that the AICPA and related  
organizations maintained effective internal  
control over financial reporting and over the  
safeguarding of assets against unauthorized  
acquisition, use or disposition as of July 31,  
2002 based on criteria established in Internal  
Control Integrated Framework issued by the  
Committee of Sponsoring Organizations of the  
Treadway Commission.

Our engagements were performed  
in accordance with Generally Accepted Auditing

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and Attestation Standards.

          In connection with the financial statements we have issued an unqualified opinion, and in connection with the examination of management's assertions our opinion is that the AICPA maintained in all material respects effective internal control over the aforementioned.

          The later engagement on internal control, which the AICPA was and is still at the forefront of reporting of, is now embodied in certain provisions of the Sarbanes/Oxley Act.

          The Act, amongst other provisions, requires annual reports to state the responsibility management has for establishing and maintaining an adequate internal structure and requires management to make an assessment as of and for the end of the most recent fiscal year the effectiveness of the internal control structure.

          In addition, it requires auditors to attest to and report on management's assessments.

          Both of which are included in

2 the AICPA's annual report that you have received.

3 In addition to the internal  
4 control requirements, other provisions of  
5 Sarbanes/Oxley include a requirement to increase  
6 the responsibility of audit committees. These  
7 provisions include that the audit committee has  
8 to be directly responsible for the appointment,  
9 compensation and oversight of the work of the  
10 independent auditor, provides the audit committee  
11 with the appropriate funding to carry out its  
12 duties, and have the authority to hire counsel  
13 and advisors when needed.

14 These provisions and others are  
15 included in the AICPA's Audit Committee charter,  
16 one which was recognized by the Blue Ribbon Panel  
17 as a model for effective audit committees.

18 At this point I would like to  
19 briefly discuss in general the oversight of the  
20 audit process; specifically, I would like to  
21 address it from the involvement with both the  
22 Audit Committee and management.

23 From the standpoint of the Audit  
24 Committee and operated through its charter, the  
25 audit process is thoroughly monitored throughout

1  
2 the year, from the audit planning to the  
3 completion of the audit.

4 The process includes the  
5 following:

6 Meetings as required and at a  
7 minimum four meetings per year, which includes  
8 management, internal audit and ourselves,  
9 including private executive sessions and other  
10 communications when needed;

11 Confirmation of our independence  
12 as well as the assurance of internal audit's  
13 objectivity;

14 Review the coordination of audit  
15 efforts to ensure coverage of redundancies and  
16 completeness;

17 Inquiries as to the significant  
18 risks, exposures and assessments of management  
19 for the related actions;

20 Reviewing the adequacy of the  
21 internal controls and related findings;

22 Reviewing required  
23 communications in accordance with Generally  
24 Accepting Auditing Standards;

25 And reporting periodically to



1  
2 the Board its activities.

3 Two additional items are:

4 That they do receive timely  
5 analysis of significant reporting issues and  
6 practices from both management and us;

7 And, lastly, they receive  
8 qualitative judgments about the appropriateness,  
9 not just acceptability, of the accounting  
10 principles, practices and financial statement  
11 clarity including new transactions for both  
12 management and us.

13 Additionally, we have  
14 unrestricted access to the audit committee if a  
15 disagreement were to occur.

16 From the standpoint of  
17 involvement of management in the overall audit  
18 process, this is also a process that occurs  
19 throughout the year. It is a process that is  
20 overseen by Barry Melancon and Clarence Davis as  
21 President and Chief Operating Officer through an  
22 effective system of internal control as well as  
23 financial reporting.

24 This process includes  
25 unrestricted access to both of them as matters

1  
2 arise.

3 In addition, this process is  
4 overseen by the Finance Committee who oversees  
5 the results of periodic reporting.

6 I touched upon certain general  
7 aspects of the auditing process. It's far more  
8 encompassing than what I just described.

9 Finally, I would like to express  
10 my appreciation to you, Council, the Board of  
11 Directors, the Audit and Finance Committee and  
12 the AICPA management team for the opportunity to  
13 serve as your auditors.

14 Thank you.

15 (Applause.)

16 MR. STEVE SCHENKEL: Are there  
17 any questions?

18 (No response.)

19 CHAIRMAN CASTELLANO: Thank  
20 you, Steven.

21 As you know, we are in the  
22 annual meeting portion of our agenda, and one of  
23 the actions that we need to take as Council as  
24 part of the annual meeting is the election of the  
25 auditors for the AICPA and subsidiaries and our

insurance trust for 2002-2004.

So I now move to agenda item  
#13.

The Audit Committee and the  
Board of Directors recommend the election of JH  
Cohn, LLP as auditors of the AICPA and its  
subsidiaries for fiscal year 2003 and the AICPA  
Insurance Trust for the year ended December 31,  
2002.

May I have a motion for their  
election, please?

A COUNCIL MEMBER: So move.

CHAIRMAN CASTELLANO: It has  
been moved.

May I have a second?

A COUNCIL MEMBER: Second.

CHAIRMAN CASTELLANO: Motion  
has been moved and seconded.

Is there any discussion on this  
motion?

(No response.)

CHAIRMAN CASTELLANO: Seeing  
none, would all continuing Council Members please  
signify by saying "aye."

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(Chorus of "ayes.")

CHAIRMAN CASTELLANO: Any  
opposed?

(No response.)

CHAIRMAN CASTELLANO: Thank  
you.

The "ayes" have it, of course,  
and JH Cohn continues as our auditors.

We now turn to agenda Item #16,  
a special moment, which is the presentation of  
the Gold Medal Award for Distinguished Service.

This year two winners have been  
selected to receive this prestigious award.

The Gold Medal Award is the  
highest honor bestowed by the American Institute  
of CPAs on a member whose influence on the  
profession as a whole is distinguished when  
compared to contemporary leaders.

The Institute established the  
Gold Medal Award for Distinguished Service in  
1944. Several members who received the honor are  
with us today.

And I would like to recognize  
those members and ask them to stand as I call

2 their names and ask them to please remain  
3 standing. Please hold your applause until I have  
4 introduced all of them.

5 We have with us today:

6 Mr. Sam Derieux who received the  
7 Gold Medal in 1978;

8 Mr. Rholan Larson, 1985;

9 Mr. Marvin Strait, 1992;

10 Mr. Bob Israeloff, 1997;

11 Mr. Bob Elliott, 1997;

12 Mr. Bob Mednick, 1998;

13 Mr. Dominic Tarantino, 2000;

14 And Mr. Tom Rimerman, 2001.

15 Members of Council, please join  
16 me in applauding and recognizing these  
17 outstanding leaders of our profession.

18 (Applause.)

19 CHAIRMAN CASTELLANO: I would  
20 now like to turn the podium over to Mason Andres,  
21 Chair of our Awards Committee, who will make the  
22 presentation to this year's award recipients.

23 Mason.

24 MR. MASON ANDRES: Thank you,  
25 Jim.

I'm please to appear before you again because I have a very pleasant task. At least I didn't have a video that undercut me like I did yesterday that took my remarks right out of my mouth.

But at any rate, I am very pleased to stand here representing a very distinguished bunch of gentlemen and to honor two people who will also join another group of very distinguished people.

The Awards Committee has a very formidable task in recognizing members of our profession whose influence on the profession is distinguished when compared to other contemporary members.

As Bob Mednick, the former Chair of this committee, so aptly characterized it, you must be a leader among leaders.

The committee's challenge was to select from a wide wealth of talent who meet that description.

In the current year we have selected two who clearly meet that lofty criteria and will receive our profession's highest award.

1  
2 Our first honoree is Doyle  
3 Williams, Dr. Doyle Williams. He comes from  
4 academia. He has served some of the finest  
5 institutions in this country.

6 His academic and personal  
7 achievements are outstanding and have clearly  
8 left an indelible mark on education in our  
9 professional field.

10 Dr. Williams is at the  
11 University of Arkansas and has elevated my Alma  
12 Mater to such a lofty position I probably  
13 couldn't get in today.

14 (Laughter.)

15 MR. MASON ANDRES: I clearly had  
16 a hard time getting out.

17 (Laughter.)

18 MR. MASON ANDRES: Dr. Williams  
19 is a prolific author whose outstanding service  
20 has been honored many times by a variety of  
21 organizations. And we would like today to honor  
22 you.

23 Dr. Williams, if you would join  
24 me here on the podium.

25 (Applause.)

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MR. MASON ANDRES: We talked about calling the hogs when we were sitting over here a moment ago. But that might not be appreciated very much.

(Laughter.)

MR. MASON ANDRES: Dr. Doyle Z. Williams has had a distinguished academic career that continues to positively influence our profession.

He attained his Bachelor's degree in Business Administration and Accounting from Northwestern State University and had his first accounting experience with Haskins & Sells, an international CPA firm.

He then pursued his Masters degree and Ph.D. from Louisiana State University and began his academic career at Texas Tech University in the fall of 1965.

In 1967, Dr. Williams accepted a two-year term at the AICPA in a full-time position. While serving this term in New York, he received the New York Chapter of the National Association of Accountants' Outstanding Member Award.



1  
2 He then returned to his academic  
3 career at Texas Tech, and two years later, he  
4 served as a visiting professor of the University  
5 of Hawaii.

6 At Texas Tech, Dr. Williams  
7 served as Coordinator for the Area of Accounting  
8 and worked with outstanding Ph.Ds like Dan Guy,  
9 Herschel Mann, James Caldwell, Bill Holder, Ray  
10 Clay and Jan Williams.

11 During his time at Texas Tech he  
12 received the Spencer Wells Award for the faculty  
13 member making the most outstanding contribution  
14 to the University while at Texas Tech.

15 In 1978, Dr. Williams was  
16 recruited by the University of Southern  
17 California to serve as the founding dean of the  
18 School of Accounting and to be the first holder  
19 of the Peat, Marwick, Mitchell Professor of  
20 Accounting.

21 In 1983, the school moved from  
22 being unranked into the top five in the nation,  
23 and two years later moved into the number three  
24 ranking. He was awarded the California Society of  
25 CPAs' Distinguished Professor Award and the USC

School of Accounting Distinguished Service Award during this year.

Dr. Williams helped spur innovation in the industry as the founding Chair of the Accounting Education Change Commission, which was charged to be a catalyst for change in accounting education and to recruit better graduates for the changing needs of the accounting profession.

In 1993, he was recruited by the University of Arkansas as the first holder of the Sam. M. Walton Leadership Chair and to be the Dean of the College of Business Administration.

In 1998, the college received the largest up-front cash gift ever to a business school - \$50 million from the Walton Family Charitable Support Foundation.

The college is now ranked among the nation's top 28 public undergraduate business schools. The results achieved with the assistance of the \$50 million gift inspired the Walton Family to give \$300 million to the University of Arkansas, the largest gift ever to a public university.

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Over the last thirty-six years, Dr. Williams has held over 260 professional committee assignments and offices and has held a wide-range of positions at the national and state levels in Texas, California and Arkansas.

He currently served on the Board of Directors for the AACSB International, the accrediting body for business schools.

Dr. Williams has made over 160 program appearances, speaking in the United States Senate Hearing Room, to the United Nations Education Forum in New York and as a keynote speaker for the International Financial Executives World Congress in Sydney, Australia.

He has visited over a hundred university campuses in the United States and has worked with business schools in Lebanon, England, New Zealand, Australia, China and Italy.

In recognition of his service, he has received honors such as the Outstanding Educator Award from the American Accounting Association and the AICPA, the Beta Alpha Psi Outstanding Accountant of the Year Award in Education, the Arkansas Society of CPAs Lifetime

1  
2 Achievement Award in Education, the Joseph  
3 Silvos Merit Award from the Federation of  
4 Schools of Accountancy, and the Hall of  
5 Distinction Award from Northwestern State  
6 University of Louisiana.

7 More than a well-respected  
8 professional, this devoted husband to wife  
9 Maynette and dedicated father of Zane and  
10 Elizabeth is active in community service as well  
11 through Rotary International, St. Andrew's  
12 Presbyterian Church in Redondo Beach, California,  
13 Washington County Historical Society, Northwest  
14 Arkansas Chapter of the American Heart  
15 Association and various other schools and  
16 organizations.

17 Dr. Williams is only the fifth  
18 educator to receive the AICPA's Gold Medal since  
19 the award was initiated in 1944.

20 In recognition of such a  
21 distinguished career, and with great  
22 appreciation, the Institute presents the Gold  
23 Medal for Distinguished Service, its highest  
24 award, to Dr. Doyle Williams.

25 (Applause.)

1  
2 DR. DOYLE WILLIAMS: Thank you,  
3 Mason.

4 I'm most honored by those  
5 remarks. And as you were going through that, I  
6 thought for a moment there I had died.

7 (Laughter.)

8 DR. DOYLE WILLIAMS: This  
9 citation is especially meaningful since it is  
10 being presented by an alumnus of the Walton  
11 College of Business. And I certainly appreciate  
12 your doing that. It makes it an added moment for  
13 me.

14 It is great to be back in  
15 Hawaii. As Mason mentioned, I spent a year on the  
16 faculty at the University of Hawaii over at  
17 Manola Valley here in Honolulu. And we had a  
18 great time there. Maynette and I spent the first  
19 year of our newborn's son life here in this  
20 beautiful state.

21 And I had the pleasure to serve  
22 for several years on the advisory board for the  
23 School of Accounting at the University of Hawaii  
24 and always enjoyed the opportunity to be back.

25 I was asked to limit my remarks

1  
2 to about ten or twelve minutes or so. And as a  
3 dean, to be that brief, of course, is almost  
4 impossible.

5 It reminds me when Hubert  
6 Humphrey was asked to limit his remarks to about  
7 ten minutes or so one time. And he said: The only  
8 time that he had ever spoken for ten minutes was  
9 when he said hello to this mother.

10 (Laughter.)

11 DR. DOYLE WILLIAMS: So knowing  
12 of my inadequacies in speaking to this group of  
13 distinguished professional leaders reminds me  
14 what Marvin Strait said yesterday about Bob  
15 Israeloff.

16 Bob, actually, Marvin really got  
17 it wrong. The truth is when I first went to the  
18 University of Southern California as a faculty  
19 member, and I was teaching a class, about two-  
20 thirds the way through the semester, a student  
21 came to my office and wanted to drop my class.

22 And I was very curious obviously  
23 why one would want to do that.

24 And so I started quizzing this  
25 young lady. And she was very indirect in her

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responses. But finally I was prompted to say, "Is the problem me? Am I boring?"

And she said, after some hesitation, "I would say you are charismatically impaired."

(Laughter.)

DR. DOYLE WILLIAMS: Marvin was your historian yesterday. And I've had the opportunity to work in several capacities with Marvin. In fact, when I was on the Board of Directors, Marvin was chair one of those years of the AICPA. And I think that he was chosen to be the historian for background of the structure of Council and those sorts of things in years past because Marvin has been around so long he remembers before the Dead Sea died.

(Laughter.)

DR. DOYLE WILLIAMS: As all of you know, an award like this must be shared with your family. Their support is essential and that is certainly the case for me.

So Maynette, thanks. Would you please stand. My wife, Maynette Williams.

(Applause.)

1  
2 DR. DOYLE WILLIAMS: She has  
3 been my partner and friend-advisor for these  
4 thirty-five years that we have served the  
5 profession together.

6 In the summer of 1996, I  
7 volunteered to go to New York to grade the CPA  
8 Exam. Upon returning to Texas Tech that fall, Guy  
9 Trump, the Vice President, called and asked would  
10 I come and join his staff on a long-term basis.

11 Well, to make a long story  
12 short, we negotiated that I would accept that  
13 assignment for a period of two years that fall.

14 But during the course of that  
15 year Maynette joined the faculty having received  
16 her Ph.D. at Ohio State and we started dating.  
17 And in the late spring I decided I would ask her  
18 to marry me.

19 And when I did, I said but there  
20 is a condition. I have accepted a two-year  
21 assignment in New York, and if we are going to  
22 get married, you are going to have go with me to  
23 New York for two years.

24 Well, of course, that would be a  
25 great sacrifice. She was giving up her brand new



1  
2 associate professor position at the University to  
3 do this. But fortunate for me, she quickly said  
4 yes and did go. And we then started out for New  
5 York.

6 On the way it just so happened  
7 that the American Accounting Association had its  
8 annual meeting at State College, Pennsylvania at  
9 Penn State. And so she always remembers that we  
10 spent our honeymoon at a professional meeting in  
11 this state's American Accounting Association. And  
12 its annual meeting, of course, falls on our  
13 anniversary more times than not.

14 (Laughter.)

15 DR. DOYLE WILLIAMS: But she has  
16 been a very good sport about this and enjoying it  
17 with me. And that we deeply appreciate.

18 I also wish to thank our two  
19 children, as Mason mentioned, our son Zane and  
20 daughter Beth. Zane could not be with us today.  
21 He works in the Washington, DC office for an  
22 international consulting firm and could not make  
23 the trip. But our daughter, Elizabeth, Beth as we  
24 call her, is here. Elizabeth, Beth, would you  
25 please stand and thanks for your support over the

1  
2 years and help.

3 (Applause.)

4 DR. DOYLE WILLIAMS: And also  
5 here today that came all the way to Hawaii from  
6 Arkansas just for this occasion is my dearest  
7 cousin, Judy Hodge. Thank you, Judy, for being  
8 here and we appreciate your support also.

9 (Applause.)

10 DR. DOYLE WILLIAMS: Also here  
11 today is my colleague from the Walton College,  
12 Karen Pincus. Karen is a new member, as you just  
13 elected, to Council. She holds the Rob Walton  
14 Chair at the University of Arkansas and serves as  
15 Chair of our Accounting Department.

16 And I had the pleasure of  
17 working with her also at the University of  
18 Southern California. So congratulations on your  
19 election, Karen, and I look forward to our  
20 continuing to work together.

21 When an award like this is  
22 presented, I'm reminded that we have all be  
23 warmed by fires we did not start, lived in houses  
24 we did not build and drank from wells that we did  
25 not dig.

1  
2 And certainly that is the case  
3 more than ever for me in receiving this honor.

4 So many individuals have played  
5 a role in lifting me off that small cotton and  
6 hay farm on the banks of the Louisiana bayou.

7 Other than my family, probably  
8 the individual that had the greatest influence on  
9 my early life was my first grade teacher, Mrs.  
10 Kelly.

11 Let me tell you a little bit  
12 about her because I think that did influence me  
13 in substantial ways. She would start the  
14 morning -- as she taught the first grade, and we  
15 had classes, first and second grades, in the same  
16 classroom -- and so she started out the morning  
17 with seven of us in the first grade asking us to  
18 give a statement of good news for the day.

19 And she would carefully print it  
20 on the board. And our assignment would then be to  
21 copy these seven statements while she was over  
22 teaching the second grade across the room.

23 Well, we could offer statements  
24 of good news. And she held, labeled this "good  
25 news each day." And we could not offer statements

1  
2 about a family member, a brother who died, or in  
3 our case our house burning or the field flooding  
4 from the Mississippi River and tributaries,  
5 meaning that our dad had to borrow money to plant  
6 the cotton crop a second time that year, or  
7 whatever the case.

8 But sometimes the good news  
9 might be we had a new brood of baby chicks or a  
10 new calf or something to celebrate.

11 But it always had to be good  
12 news. And I always remember Mrs. Kelly telling us  
13 to think about what was good in life and what was  
14 good lives.

15 And she, as I left home at  
16 seventeen, she would always drop me a note, one  
17 note a year, about something that was happening  
18 and reminding me of those days, until she was  
19 found dead at the age of eighty-seven in her  
20 backyard one day.

21 So, Mrs. Kelly, there is good  
22 news today.

23 (Laughter.)

24 DR. DOYLE WILLIAMS: I've been  
25 blessed to have the opportunity to work with so

1  
2 many outstanding professionals. Mason mentioned  
3 several individuals at Texas Tech. And I would  
4 like to add to that number, an individual who is  
5 here, Bill Needles. Bill and I served on the  
6 faculty a couple of years together there and, of  
7 course, is also an incoming Member of Council  
8 here today from Illinois.

9 The local chapter of CPAs when I  
10 went to Texas Tech certainly embraced me very  
11 early, and people like Jimmy Mason gave me the  
12 opportunity to the president of that chapter, and  
13 then the Texas Society as a whole and its  
14 leadership engaged me also in statewide  
15 activities.

16 Then going to the University of  
17 Southern California there were a number of  
18 people, of course, Bill Holder who is here and I  
19 always will appreciate his support and his  
20 contributions, Karen as I mentioned was there,  
21 Mike Diamond and many others.

22 The California Society of CPAs  
23 certainly was a great organization to work with,  
24 and Tom Rimerman certainly was a great supporter.

25 And then the Accounting

1  
2 Education Change Commission with Bob Elliott and  
3 Marvin Strait working with us on that.

4 The American Accounting  
5 Association, including Bob Malth, Herb Milber,  
6 Don Edwards, all recipients of this Gold Medal,  
7 certainly is meaningful to me.

8 And now in the State of Arkansas  
9 working with people like Bick Barclay, Jim  
10 Channet, Barbara Angel and others of the Society  
11 in Arkansas. And we appreciate their support.

12 I treasure the friendship and  
13 support of many other educators who are members  
14 of this Council here today: Gary Previts, Steve  
15 Albrecht, Dan Didagus, Quinton Booker, Payton  
16 Eely, Frank Ravin. And I appreciate your support.

17 I visited over a hundred  
18 university campuses as was mentioned. One visit I  
19 will long remember, and that was to Brigham Young  
20 University. And in the foyer, if you've been  
21 there, you will notice that there is an  
22 inscription that says service is the rent we pay  
23 to be on this earth.

24 While I've always felt a  
25 responsibility to give back to a profession that

2 has been so enormously generous in giving to me  
3 such opportunities, but as Maynette will attest  
4 my work in the profession has also been my  
5 passion and my joy.

6 And over the years it has been  
7 rewarding and challenging to be a participant in  
8 the issues facing the profession including as we,  
9 on the Board, dealt with issues of advertising  
10 and competitive bidding, commissions,  
11 contingencies, the 150-hour requirement, the  
12 savings and loan crisis and on and on.

13 And now we have a new era with  
14 the creation of the Public Accounting Oversight  
15 Board. And I hope you will join me in calling for  
16 the Board and the profession as a whole,  
17 including ourselves, to do several things. And  
18 I'll briefly mentioned those.

19 Number one is to keep the public  
20 interest at the forefront at all times in all  
21 actions. It really is in the profession's self-  
22 interest as well as the right thing to do.

23 And number two, do not make  
24 policy and rules with the presumption that  
25 everyone in the financial arena are crooks

1  
2 essentially. All of us could give examples of  
3 individuals that certainly have done the right  
4 thing at great cost. And I will not take the time  
5 to cite many of those, some of whom I've received  
6 letters from over the years, telling me about the  
7 decisions they had to make.

8                   Number three, remember the work  
9 of the Treadway Commission on fraudulent  
10 financial reporting that places the emphasis on  
11 the tone at the top.

12                   And number four, remember the  
13 law of unintended consequences. The congressional  
14 subcommittees of the 1970s, the FTC in the 1980s,  
15 may have meant well in promoting competition in  
16 audits. But I'm sure that those advocates never  
17 envisioned what has taken place in recent months.

18                   And number five, base policies  
19 and rulemaking on sound research.

20                   And number six, despite the call  
21 by some, this is not a time to retreat on the  
22 150-hour requirement. Recent events confirm the  
23 need for such an education more than ever.

24                   And number seven, as has been  
25 called for by other recipients of this award, we



2 need to move together in establishing a national  
3 CPA certificate. The time has never been more  
4 ripe for the state legislators and state boards  
5 moving in so many different directions.

6 And number eight, do not let the  
7 forces -- do not let the focus on quarterly  
8 earnings and analyst forecasts blur the vision of  
9 the long-term viability of the firm.

10 Well, I know we all wish the  
11 Public Accounting Oversight Board well, but we  
12 must as a profession be ever vigilant that the  
13 public interest is served both by the Board and  
14 by ourselves.

15 Again, it has been an honor to  
16 be part of this profession. And when I first  
17 began my career with Haskins & Sells, I look back  
18 and think of the great opportunities and the  
19 great support that I've received.

20 Thank you and the profession for  
21 giving me an opportunity to be a part of this  
22 wonderful profession for these past forty-two  
23 years.

24 And thanks, Maynette and Zane  
25 and Beth, for your support and understanding.

1  
2 And thank you, Mason, and the  
3 members of the Awards Committee. I will ever  
4 forever cherish this award.

5 Thank you so much.

6 (Applause.)

7 MR. MASON ANDRES: Thank you  
8 and congratulations again.

9 Continuing in this same spirit  
10 of excellence, the Committee identified another  
11 in our profession whose distinguished service has  
12 undeniably marked her as a leader among leaders.

13 Olivia Kirtley occupies a  
14 special place in the history of our venerable  
15 profession having served as the first female  
16 Chair of the Board of the American Institute of  
17 CPAs.

18 The lady's tenure as chair was  
19 marked with distinction and assertive leadership  
20 that singled her out for leadership roles both  
21 within and without the profession.

22 Olivia continues to provide her  
23 talents to our profession in the same spirit of  
24 excellence that she has and continues to mark her  
25 career.

1  
2 If you would join me up here,  
3 please.

4 (Applause.)

5 MR. MASON ANDRES: Olivia  
6 Kirtley has significantly contributed to the  
7 growth and success of the accounting profession  
8 throughout her long and distinguished career.

9 Her dedication and involvement  
10 have spanned a broad array of activities in the  
11 American Institute of CPAs and the Kentucky  
12 Society of CPAs. She has dedicated her knowledge  
13 and ability to many public companies, private  
14 companies and not-for-profit organizations as she  
15 has served various board of directors and audit  
16 committees.

17 Ms. Kirtley began her service to  
18 the profession with the Kentucky Society of CPAs.  
19 She served on its Board of Directors for seven  
20 years and as President in 1990-91.

21 Ms. Kirtley made history with  
22 her selection as Chair of the American Institute  
23 of Certified Public Accountants for 1998-1999 as  
24 the first woman in the AICPA's then 110-year  
25 history to be elected and the first CPA working

1  
2 in business and industry to assume the top  
3 leadership role.

4 Currently, she is Chair of the  
5 Board of Examiners of the American Institute of  
6 Certified Public Accountants, overseeing critical  
7 changes to the content and structure of the  
8 Uniform CPA Exam, as well as its transition from  
9 a paper-based, semi-annual test to a computer-  
10 based, year-round examination.

11 Ms. Kirtley has served the  
12 profession well through the governance of the  
13 organization as well as in committee service.

14 She has been a member of the  
15 Audit Committee, the Finance Committee, the  
16 Political Leadership Cabinet, the Effective  
17 Legislation Committee, and the Members in  
18 Business and Industry Executive Committee.

19 She also served on the  
20 International Steering Work Group for the New  
21 Global Business Credential and the Group of 100.

22 Ms. Kirtley has spoken at  
23 academic events as well as conferences and  
24 meetings on a variety of professional issues. She  
25 has testified before the Blue Ribbon Committee on

1  
2 Improving the Effectiveness of Corporate Audit  
3 Committees and at the U. S. Senate, the Committee  
4 on Banking, Housing and Urban Affairs concerning  
5 accounting and investor protection issues.

6 She currently represents the  
7 AICPA on the International Federation of  
8 Accountants Task Force on Rebuilding Public  
9 Confidence in Financial Reporting.

10 Besides her dedication to her  
11 family, Ms. Kirtley has been devoted to many  
12 civic and charitable organizations including the  
13 Community Foundation of Louisville, Southeast  
14 Christian Church and Totally Surrounded  
15 Ministries.

16 In recognition of such a  
17 distinguished career, and with great  
18 appreciation, the Institute presents the Gold  
19 Medal for Distinguished Service, its highest  
20 award, to Olivia Kirtley.

21 (Applause.)

22 MS. OLIVIA KIRTLEY: Dr.  
23 Williams, after I heard the remarks about you, I  
24 thought how much I had to go before I could even  
25 kind of get to the low water level of what you've

2 accomplished. Absolutely outstanding. I'm honored  
3 to be up here at the same time that you have been  
4 honored.

5 I am deeply honored and humbled  
6 to receive this award.

7 Many CPAs who I look up to and  
8 so admire have received this award. And to think  
9 that I have been chosen to stand among them is  
10 quite overwhelming. Thank you so very much.

11 Those words Mason just read  
12 about me were really not about what I have done,  
13 but about what others have done for me.

14 I have been so richly blessed  
15 with family, friends, business associates, State  
16 Society Members, AICPA staff, all of my friends  
17 in this room that I've had such a great  
18 relationship with.

19 And I thank all of you for all  
20 of the opportunity that you have given me every  
21 step of the way.

22 I would be remiss if I didn't  
23 say that God blessed me with wonderful parents  
24 who gave me a strong value system, who supported  
25 me when I wanted to have a career in public

2 accounting when that was not a traditional career  
3 for women, who were always available when career  
4 demands were great and I needed help with the  
5 children, and who remain always supporting in all  
6 that I do.

7 They had the pleasure of meeting  
8 many of you when I was installed as Chair of the  
9 AICPA. And I'm sorry they couldn't be here today  
10 to share this honor.

11 God also blessed me with an  
12 awesome husband, my best friend since childhood.

13 And I wanted to do this early,  
14 Bob Israeloff, in this particular set of remarks  
15 because when I became Chair of the Institute and  
16 gave my remarks before the luncheon, I forgot to  
17 introduce my husband.

18 (Laughter.)

19 MS. OLIVIA KIRTLEY: Bob and  
20 Bonnie are over on the side going (indicating).

21 (Laughter.)

22 MS. OLIVIA KIRTLEY: I didn't  
23 have a clue. I mean Bob's is always outspoken so  
24 I really didn't pay that much attention.

25 (Laughter.)

MS. OLIVIA KIRTLEY: But as I

finished my speech and he's still going

(indicating), I finally got it. Bob, I found out

later that there was one table in the back of the

room in particular that passed a note all the way

around the table that said "I didn't know she was

divorced."

(Laughter.)

MS. OLIVIA KIRTLEY: So I'm glad

to say that my husband of thirty years this year.

Louis, could you stand up?

(Applause.)

MS. OLIVIA KIRTLEY: Louis has

been absolutely incredible. He always let me grow

and pursue my career in whatever that I desired

and always found a way to make our schedules work

together even when he had the demands of medical

school, residency and a very busy medical

practice.

People used to tease us and say:

"Well, of course, he was supportive. He needs you

to put him through medical school."

(Laughter.)

MS. OLIVIA KIRTLEY: And my



2 response always is, yes, but he's put me through  
3 life. What a gift! Thank you, Louis, and I just  
4 want you to know you are still my best friend. We  
5 have never not known each other. And what a  
6 wonderful role model you are for spouses of  
7 working women.

8 Thank you very much.

9 (Applause.)

10 MS. OLIVIA KIRTLEY: And God  
11 also blessed me with three incredible sons who  
12 have been so tolerant and self-sufficient as I've  
13 hopped on and off planes and traveled with my  
14 career and my professional work. Unfortunately,  
15 none of them were able to be here today.

16 Our oldest son, Chris, just  
17 celebrated his 25th birthday. And he's in the  
18 Peace Corps in Morocco about five miles from the  
19 Algerian border. And he was not able to come.  
20 He's serving there as a business advisor and I  
21 know that he is doing great work there.

22 Andrew, our twenty year old,  
23 many of you may remember is our piano player.  
24 When I was installed as Chair of the AICPA, there  
25 was a piano right out -- barely outside the bar

1  
2 at the hotel and he would sit and play the piano  
3 for hours.

4 And our Vision Team was so  
5 creative they even put up a little cup up there  
6 for tips.

7 (Laughter.)

8 MS. OLIVIA KIRTLEY: And so I  
9 know that he would very much enjoy being here  
10 today. But he's in the midst of mid-term exams at  
11 college and no parent with good conscience could  
12 ever encourage him to miss that.

13 And Tyler is our seventeen year  
14 old, is a senior in high school. And he almost  
15 came with us but decided that he could not miss  
16 that much school and time away from writing those  
17 wonderful college application essays even if it  
18 was Hawaii.

19 Stu Kessler remembers Tyler  
20 providing us with great material as we went to  
21 visit with the Commissioner of the SEC, Arthur  
22 Levitt. I tell the story because it tells you how  
23 much you think your children know about what you  
24 do in life and how maybe a misunderstanding is  
25 there.

1  
2 But I was driving Tyler to  
3 school as I was going to the airport to go to  
4 Washington and Stu and I were having lunch with  
5 Arthur Levitt, the Commissioner of the SEC. And  
6 it happened to be in the middle of March, March  
7 madness college basketball. Kentucky basketball  
8 is a big deal, especially to at that time my  
9 thirteen year old.

10 And the NCAA tournament was  
11 going on.

12 He said: "Mom, where are you  
13 going today?"

14 And I said, "Well, I hate to say  
15 this but I'm going to Washington but it's just to  
16 have lunch."

17 And he said: "Who you're having  
18 lunch with?"

19 And I said: "The Commissioner of  
20 the SEC."

21 And he goes: "Really?"

22 (Laughter.)

23 MS. OLIVIA KIRTLEY: He said:  
24 "Do you think he could tickets to the Final 4?"

25 (Laughter.)

1  
2 MS. OLIVIA KIRTLEY: Well, Tyler  
3 has grown up. And he's learned much more about  
4 the profession. He worked as a page in the U.S.  
5 Senate this summer as they debated  
6 Sarbanes/Oxley. So he has a much greater  
7 appreciation for the term Final 4 and what it can  
8 really mean in a very serious way.

9 Our sons are outstanding,  
10 independent and loving young men and this award  
11 is truly a tribute to their enthusiastic support  
12 of all my professional activities.

13 While my parents gave me roots,  
14 my husband and my children gave me wings, it is  
15 the CPA profession that gave me unlimited  
16 opportunities to learn, to grow, to lead and to  
17 expand my horizons.

18 I have so many of you in this  
19 room to thank for the opportunities, guidance,  
20 mentoring, that you have provided.

21 But to just make a couple of  
22 remarks about a few that were very pivotal.

23 Ben Gratzner, the Executive  
24 Director of the Kentucky Society of CPAs since I  
25 started in this profession, unfortunately

1  
2 couldn't be with us because of an illness with  
3 his brother. But he gave me that very first  
4 opportunity to serve in this profession at the  
5 state level as part of a speakers' bureau for the  
6 Federal Tax Committee.

7 I've often reflected on the  
8 magnitude of how much fuller and richer my life  
9 has been because Ben Gratzner reached out to me  
10 and asked me if I would serve.

11 And I can't thank him enough for  
12 that. Look what was on the other side of that one  
13 request. Incredible!

14 Dom Tarantino called me when I  
15 was nominated to serve on the AICPA Board and he  
16 refused to take no for an answer. When I  
17 expressed some uncertainty about the time  
18 commitment with all my other work and family  
19 obligations, he encouraged me not to give up this  
20 chance saying that it would be an experience that  
21 was so rewarding and exciting.

22 Dom was right. And I thank him  
23 for his wise counsel.

24 Ron Cohen called me when I was  
25 in Germany attending my company's board meeting

1  
2 to ask on behalf of the Nominating Committee if I  
3 would Chair the AICPA. What a shock! I haven't  
4 quite gotten over it yet.

5 And I'm happy to report that  
6 there is life after you chair the AICPA. There  
7 are plenty more opportunities for the not so  
8 faint at heart.

9 Kathy Eddy convinced me to take  
10 on the challenge of chairing the Board of  
11 Examiners during the time of the transition from  
12 the paper and pencil to the computer-based exam.  
13 That experience has allowed me to continue to  
14 interact and grow on many levels and in many  
15 ways.

16 But once again an exciting and  
17 rewarding experience.

18 And there are so many of you,  
19 others of you, who have provided me with  
20 opportunities along the way.

21 When Mason called this Spring to  
22 tell me of this great honor, it caused me to  
23 reflect on the many turns my career as a CPA has  
24 taken that I never could have predicted.  
25 Everyone of you here would probably say that this

1  
2 past year has been one of those unpredictable  
3 turns, and maybe the most difficult, as you  
4 reflect on your career.

5 This spring, corporate failures  
6 and accusations regarding audit quality were the  
7 daily news. As you so well remember, clients and  
8 friends asked you at every opportunity what had  
9 gone wrong.

10 The character of the profession  
11 was on challenge. If you listened to the  
12 financial pundits throughout the spring and  
13 summer, it was their collective wisdom that  
14 corporate fraud was rampant and waves of  
15 financial restatements could be expected.

16 Now we know that the abuses,  
17 though terrible, were limited to but a few. While  
18 we still have issues and challenges ahead, it is  
19 a great relief to stand here today with the eye  
20 of the storm having passed.

21 The irony of life is that  
22 sometimes it's the failures that open the doors  
23 and create the passions that lead to the greatest  
24 successes.

25 The irony of Lincoln is that our

1  
2 greatest of all leaders failed to win the  
3 confidence of voters time after time before he  
4 was entrusted with leadership.

5 An irony in our profession  
6 currently is that, in the wake of the business  
7 scandals and challenges to our profession, we now  
8 have a surge in students enrolled in accounting  
9 programs when, just a few Council meetings ago,  
10 we were fretful over student interest falling  
11 dramatically.

12 Financial publications are  
13 singing in unison the themes of independent  
14 corporate governance and the need for greater  
15 financial knowledge on corporate boards and audit  
16 committees.

17 In the most recent issue of  
18 BusinessWeek, corporate boards were rated for the  
19 Best and Worst, and the comment was made that  
20 board members were flocking back in droves to  
21 educational seminars that teach principles of  
22 reading financial statements.

23 The sweet irony of this past  
24 year is that for the ninety-nine plus percent of  
25 this profession that has always maintained high



1  
2 ethical and professional standards, the  
3 opportunities to serve and influence have never  
4 been greater. The word is out, loud and clear,  
5 that if financial transparency is the order of  
6 the day, you better have wise financial  
7 experience on your board.

8 In the face of this reshaping of  
9 corporate governance, this profession has the  
10 opportunity to assume a critical and immediate  
11 leadership role.

12 Everyone has acknowledged that  
13 there are three critical elements to financial  
14 transparency:

15 Auditor independence;  
16 Financial management and  
17 disclosure;  
18 And corporate governance.

19 This profession has contributed  
20 greatly to addressing the first two areas over  
21 the past year. But the third area, corporate  
22 governance, is equally important. We must seize  
23 the opportunity to provide leadership in this  
24 area as well.

25 17,000 public companies will

1  
2 soon face timetables to create boards that have  
3 more independence and financial expertise.  
4 Investors and financial regulators alike have  
5 concluded without equivocation that boards need  
6 members who have the education and experience to  
7 know what questions to ask and what answers are  
8 sufficient.

9 If we are going to build a  
10 strong, new and complete circle of confidence for  
11 investors in public companies, we must be active  
12 and forthright in strategies to have capable CPAs  
13 not only fulfill the auditor and financial  
14 management roles, but to be direct participants  
15 inside the boardroom.

16 CPAs need to be not only on  
17 audit committees, but also on compensation  
18 committees, governance committees and others.  
19 These are our areas of knowledge.

20 Let me tell you what is second  
21 hand to many of you is highly valued and sought  
22 out by others sitting around the boardroom table.  
23 I know. I have been there.

24 Since I serve on three public  
25 company boards and chair each of their audit

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committees, I have experienced this first hand. I have been amazed at how much my experience and background has allowed me to contribute in valuable ways to each of these boards.

Information and knowledge and experiences that I took for granted as being rather commonplace I found not to be so commonplace for those who have not had the privilege of working in this profession and interacting with the depth and breadth of issues that we tackle on a daily basis.

In the past household names and high-profile CEOs have been highly sought after to serve on boards. But in the current environment, greater premium is being put on a skill set, on experience and on background.

Many boards have started utilizing a "skill set matrix" to determine the proper mix of experience and background to best serve the company and represent shareholders.

As a result, we find companies yearning for and seeking people with financial depth and understanding, industry knowledge, inquisitive and experienced individuals.

1  
2 Many of you in this audience are  
3 extremely qualified and should consider board  
4 service. If you want to be part of the solution  
5 for this profession and corporate America, I  
6 cannot think of a more important role you could  
7 play individually.

8 And for those of you who cannot  
9 serve due to current responsibilities or work  
10 demands, you can do your part by actively  
11 identifying and recommending fellow CPAs who  
12 would make valuable board members, but may not be  
13 on a search firm or nominating committee's radar  
14 screen.

15 We all must be involved  
16 participants in this process.

17 I would like to ask the AICPA  
18 Board and the Strategic Planning Committee to  
19 give thoughtful consideration to how we can  
20 assist in this effort. I would also encourage  
21 State Societies and their leadership to take on  
22 this challenge. Local input and influence is so  
23 critical.

24 This could be one of the most  
25 important things that the AICPA and State

1  
2 Societies address over the next year or so.

3 We each need to lead the way in  
4 educating public companies and investors on the  
5 desirability of increasing participation by CPAs  
6 on boards as an important step in strengthening  
7 corporate governance, and in providing a vehicle  
8 or multiple vehicles for identifying and  
9 assisting companies trying to find CPAs for  
10 potential board service.

11 In the current environment we  
12 all hear it is proving more difficult to find  
13 qualified people to serve on boards. But I would  
14 say companies are probably going about doing that  
15 with traditional resources and traditional  
16 methods of searching.

17 We need to step up to the plate  
18 and suggest CPAs to fill that need because what  
19 happens in the boardroom will have just as much  
20 impact on the future of our profession as the  
21 things we are doing to make changes and  
22 improvements outside the boardroom.

23 We must surround the CPA  
24 profession, both auditors and financial  
25 management, with corporate boards who can

1  
2 interact with strength and understanding if we  
3 are to optimize our ability to carry out the  
4 awesome responsibility we have to the investing  
5 public.

6 This is a new dawn for our  
7 profession, a defining moment, and we must seize  
8 the moment for the economic well-being of our  
9 capital markets and for the future of our noble  
10 profession.

11 Let me close by saying thank you  
12 once again from the bottom of my heart for the  
13 honor of the Gold Medal Award and for the  
14 terrific opportunities that you have given me  
15 over so many years.

16 May God bless each and every one  
17 of you in this room.

18 Thank you so much.

19 (Applause.)

20 CHAIRMAN CASTELLANO: Wow!

21 Doyle and Olivia, my heartfelt  
22 congratulations to each of you. I've been blessed  
23 in my life to have had the opportunity to work  
24 with both Doyle and Olivia in AICPA committee  
25 service in the past. No doubt they are true

professionals, great role models for all of us  
and all young people who are considering careers  
in accounting.

And I'm just proud to have the  
opportunity to be here when you've accepted these  
Gold Medals. I'm delighted to have joined the  
ranks of our Gold Medal honorees for our  
profession.

We will now adjourn for lunch.  
We look forward at lunch to the inaugural remarks  
of Bill Ezzell, our new Chairman.

The lunch will be at the Aloha  
Garden Pavilion where we have been dining. So  
please proceed directly there for our luncheon.

Thank you.

(At 12:28 o'clock p.m. the  
Annual Members' Meeting was temporarily  
adjourned.)

(At 2:38 o'clock p.m. the Annual  
Members' meeting was resumed.)

CHAIRMAN CASTELLANO: Good  
afternoon.

We are now up to Agenda Item  
#17, which is the Report from the National

1  
2 Association of the State Boards of Accountancy.

3 It is a real pleasure for me, a  
4 sincere pleasure for me, to introduce Barton  
5 Baldwin.

6 Barton is the Immediate Past  
7 Chairman of the National Association of State  
8 Boards of Accountancy. He's here to give us an  
9 update on the recent activities at NASBA.

10 Barton's a CPA, local  
11 practitioners with Baldwin and Hodge, LLP in Mt.  
12 Olive, North Carolina. He is former President of  
13 the North Carolina Association of CPAs and he  
14 served on the Institute's Peer Review Board,  
15 State Legislation Committee and is a former  
16 member of this Council.

17 On a personal note, just let me  
18 say that I truly enjoyed the relationship that  
19 Barton and I have developed as we've shared the  
20 chairmanship of our organizations in this most  
21 historic time.

22 He's a friend, he's definitely a  
23 dedicated professional and a real gentleman.

24 So if you would please join me  
25 in welcoming to the stage Barton Baldwin.



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(Applause.)

MR. BARTON BALDWIN: Good  
afternoon.

Jim, thank you for those kind  
remarks.

I tell you this year I had the  
opportunity to serve as chair of NASBA a year  
earlier than I was supposed to. Joel Rodolf from  
New Jersey was supposed to have been the chair  
and died and I moved up.

So I've had to start my time  
without a lot of training. And what a year to  
start in.

It was -- I got to know Jim  
early on and I must say he's a true gentleman. He  
and I would have a lot of discussions by  
telephone, by e-mail, in person. He was always a  
gentleman. And as everyone knows in this room,  
AICPA and NASBA do not always agree on  
everything. But we could talk about it, we could  
discuss it. And I truly appreciated his candor  
when we would have those discussions.

When I began the year, I said  
that I was not going to set goals specifically

1  
2 because I had been told by so many chairmen that  
3 had gone before me that something will happen  
4 within the first sixty days of your term that  
5 will change everything that you planned to do.  
6 And it did.

7 (Laughter.)

8 MR. BARTON BALDWIN: So we were  
9 actually beginning to work on the computer-based  
10 exam contract. John Peace, the immediate past  
11 chair before me, had been working on it. We had  
12 had an exam's conference in Chicago. Our State  
13 Boards had come together. They had said things  
14 that they wanted. We thought we were going to  
15 have a signed contract last October when we had  
16 our annual meeting in California.

17 We still did not at that time.  
18 We were still negotiating. And they were very  
19 tenacious negotiations.

20 We had additional input in  
21 October from our State Board members.

22 We called another exam  
23 conference in January. And this exam conference  
24 we held in Atlanta.

25 Our State Boards, one of the

1  
2 goals that I did set was to have teamwork. And  
3 that was to have the State Boards joining  
4 together as one to work within the NASBA  
5 organization, but also to work together so that  
6 NASBA could work with the AICPA, with the SEC,  
7 with other governmental agencies and with  
8 Congress and with state legislatures.

9 Our State Boards did come  
10 together. They supported the leadership and we  
11 were able to sign the contract the day after  
12 Spring Council. We stayed on, Jim and Barry and  
13 I, and we met the next morning and signed the  
14 contract.

15 I will tell you that at our  
16 annual meeting last week our State Boards in my  
17 opinion were the most unified that I've seen in a  
18 long time. They are all anxious to get the  
19 computer-based exam going.

20 This is good for the profession.  
21 It's good for the states. It's good for the  
22 AICPA. It's good for NASBA. And it's good for  
23 Prometric. This is a three-way partnership.

24 I enjoyed working with Arlene  
25 while we were going through the negotiations. She

1  
2 was very candid and open when we would have our  
3 discussions, and with Barry when he was in on the  
4 discussions.

5 Olivia Kirtley invited us to  
6 attend the BOE meetings. It was always open to  
7 hear any points that the representatives from  
8 NASBA would like to make.

9 And it is because of that  
10 openness I feel like that we were able to move  
11 along with our negotiations.

12 One thing that Bill Ezzell said  
13 earlier was talking about state regulation and  
14 having a Uniform Accountancy Act. And I too have  
15 been working on this from the NASBA side.

16 I started working on it from the  
17 AICPA side many years ago. But then when I moved  
18 to the state regulator side, I was working on it  
19 on that side.

20 And that is especially Section  
21 23 and substantial equivalency. Both the AICPA  
22 Board and the NASBA Board have passed the rules  
23 that will be coming out for Section 23. And I  
24 certainly encourage the State Societies to work  
25 with the State Boards in getting Section 23 rules

1  
2 written into your rules and into the law.

3 We need to be able to practice  
4 across state borders, but we also need for the  
5 professionals that are practicing across state  
6 borders to realize that there may be some bumps  
7 in the road and they may have to fill out a form,  
8 in some states they will not have to fill out a  
9 form, but it has been recommended about a half-  
10 page form that can be e-mailed or whatever, faxed  
11 in.

12 But we need to work together and  
13 we need to move forward.

14 About a month ago we signed an  
15 agreement, the AICPA, NASBA, Mexico and Canada.  
16 We now have a mutual recognition agreement with  
17 Mexico. We had one previously with Canada.

18 If we can practice across the  
19 international borders, there is no reason that we  
20 could not practice across state borders. And I  
21 encourage you to work with your State Boards.

22 The Ethics Committee, Jim Curry  
23 came and spoke at our annual meeting. We have a  
24 very strong ethics committee at NASBA. We attend  
25 the PEEC Committee meetings. John Peace, the

1  
2 Immediate Past Chair, will be joining the PEEC  
3 Committee as a member and we appreciate that and  
4 we want to work more along those lines.

5 The Sarbanes/Oxley Bill, all of  
6 us have talked about it in the last two days. I  
7 won't bore you with all of the details. But I  
8 will tell you that when we were moving forward,  
9 when Sarbanes/Oxley was moving forward, we were  
10 actually at a board meeting in July and we had to  
11 stop so that we could send back information that  
12 we felt was pertinent to the bill.

13 NASBA took a very strong  
14 position in certain areas and we intend to  
15 continue to push for things that have to do with  
16 Sarbanes/Oxley.

17 At our annual meeting the last  
18 half day of the meeting was devoted to where do  
19 we go from here with regards to Sarbanes/Oxley,  
20 with regards to cascading, trickle down, or as  
21 Bill Ezzell said when he spoke to our group, the  
22 mud slide effect.

23 We have a lot of work to do.  
24 State Boards have a lot of work to do.

25 State Societies have a lot of

1  
2 work to do. We need to work together. We do not  
3 need to have the cascade effect coming down that  
4 affects the local firms that do not have public  
5 company audits and we need to move forward with  
6 that.

7 (Applause.)

8 MR. BARTON BALDWIN: Mike  
9 Conaway is the new chair of NASBA. He has already  
10 put together a task force that is going to be  
11 working with the input that we received at our  
12 annual meeting and that we are getting from State  
13 Boards.

14 The members of the task force  
15 are the chair of the ethics committee, the  
16 regulatory structures, litigation response, the  
17 national initiatives task force, the executive  
18 committee.

19 And we plan to work and spread  
20 out into the different areas that we feel that  
21 Sarbanes/Oxley could affect the states.

22 NASBA is moving forward with  
23 this and we know the Institute is. And Kathy Eddy  
24 is chairing that committee.

25 We will issue this to the AICPA.

1  
2 We have begun working together well. We want to  
3 continue that. And we ask for your support to  
4 join with us in working with the cascade issue  
5 and that we should not go crossways with each  
6 other, but we should sit down at the table and  
7 work out any differences, if we have any. We may  
8 not have any differences. We all may be trying to  
9 go for the same thing.

10 But we do want to work with you  
11 and we want you to work with us.

12 We want the State Societies to  
13 work with the State Boards.

14 We all want to move forward for  
15 public protection. I've a great love for this  
16 profession. My uncle was the state auditor for  
17 Georgia for thirty-two years. That's probably  
18 where I really got an interest in becoming a CPA.

19 There was an article written  
20 about him about three months ago in the Athens  
21 paper. And it was talking about how independent  
22 he used to be and how he used to frustrate the  
23 governors and the legislature because of his  
24 independence.

25 And I think that is what we are



1  
2 all, independent. We all have high integrity.

3 I said in my last newsletter  
4 that we had people in our profession that have  
5 been affected by this. We too are part of the  
6 public. We have many friends that were with  
7 Andersen that were not involved with anything  
8 that went on. They too are part of the public.  
9 They too are part of the ones that we are trying  
10 to protect, that you are trying to protect. And  
11 we need to keep that in mind.

12 We need to hold our heads high  
13 and we need to move forward and tell people that  
14 we are proud to be CPAs. And I for one do that  
15 every time I get an opportunity.

16 You get the opportunity to lead  
17 a group, but you make friends all along the way.

18 There have been five people that  
19 have been involved in the AICPA and NASBA, we  
20 were all State Society presidents together back  
21 in 1989 and '90: Kathy Eddy and Michael Mountjoy  
22 from the AICPA, Michael Weatherwax and Michael  
23 Daggett and myself who are now on the NASBA  
24 Board.

25 All of us have been on Council.

1  
2 But we were all State Society Presidents at the  
3 same time.

4 And it is through those  
5 friendships and it's through those connections  
6 that you do learn how to work with people in  
7 other organizations and how to come to  
8 compromise. And I encourage you to do that.

9 I have to thank the North  
10 Carolina and the Georgia Society of CPAs. Both of  
11 these organizations have been very instrumental  
12 in my professional life. I started committee  
13 service at the Georgia Society. John Gittens and  
14 I were on the ethics committee.

15 And then I moved to North  
16 Carolina and got very involved in our association  
17 there. John Charbeau and Jim Ailen pushed me hard  
18 and I appreciate that.

19 We need to move forward, as I've  
20 said, with our teamwork both at the state and  
21 national level.

22 We had a great team in NASBA  
23 last year. I think Mike has assembled a great  
24 team going forward.

25 I thank John Peace who helped me

1

66

2 a lot and Mike Conaway and David Costello because  
3 it truly does take teamwork.

4 And I look at this group and I  
5 know everyone in here thinks that we need to have  
6 teamwork within the AICPA. When it's time to  
7 voice your opinion, voice your opinion. But then  
8 when it's time to lock your arms around  
9 something, lock them around, quit bickering and  
10 move forward.

11 And that is what I told our  
12 State Boards last year. And I think they did. And  
13 I think we are a much more solidified group now.

14 So I want to thank you again for  
15 the opportunity to speak before you. I want to  
16 tell you that NASBA is here to work with you and  
17 I hope you are with them.

18 There are many issues that face  
19 this profession that affect each and every one of  
20 us. NASBA members all and all mainly came from  
21 State Society leadership. They had to move over  
22 and become regulators when they had their  
23 appointments. But they still have a deep love for  
24 this profession.

25 So thank you. Keep up the good

1

2 work.

3

4 Jim, I truly do thank you for  
5 your friendship this year and look forward, and  
6 Barry also to you.

7

8 Thank you.

9

10 (Applause.)

11

12 CHAIRMAN CASTELLANO: Thank you  
13 very much, Barton.

14

15 I really appreciate the spirit  
16 of cooperation that has developed and which  
17 you've fostered within NASBA. It has enabled us  
18 to achieve some significant accomplishments on  
19 behalf of the entire profession.

20

21 And as you've said, we've had  
22 our differences. We don't always see eye to eye.  
23 But I know that we do have our eye on the same  
24 ball at all times, and that's the public interest  
25 and we appreciate that.

26

27 We will now go to our breakout  
28 sessions dealing with a very significant issue  
29 that we set up yesterday as you heard from our  
30 Professional Ethics Executive Committee  
31 leadership and our Auditing Standards Board  
32 leadership.

2                   We want you to weigh in, give us  
3     your insights, your counsel, on the issue of  
4     differential standards, ethics standards,  
5     auditing standards and accounting principles.

6                   It's an issue that has been  
7     essentially a life-long debate within our  
8     profession. I remember twenty years ago when I  
9     was chairing the Technical Issues Committee that  
10    it was the top of our agenda for virtually my  
11    entire term there, the issue of differential  
12    standards.

13                  But this is a new era as we've  
14    talked about with the challenges and the  
15    strategic initiatives that we are facing.

16                  So we want to revisit this. We  
17    want your thinking on this.

18                  We have on the tables,  
19    identified as Council Item #18, a list of  
20    suggested breakout session discussion questions.  
21    We have Council Members who have volunteered to  
22    facilitate these sessions.

23                  And you have been preassigned to  
24    breakout sessions for this section of the agenda  
25    based on our understanding of your member

1  
2 segment.

3 So if you would, please review  
4 the assignment sheet and go to your designated  
5 room.

6 We do have staff members at the  
7 back of the room in case you need directions to  
8 your room.

9 I would ask you, if you would to  
10 please return back to this room at ten minutes  
11 after four for the rest of the Council Meeting.

12 Thank you.

13 (Which were all the proceedings  
14 at the 2002 Annual Members Meeting, which  
15 concluded at 2:55 o'clock p.m.)

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5 STATE OF NEW YORK )  
6 ) SS.  
7 COUNTY OF NEW YORK )  
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11 I, ROY A. SELENSKE, a Certified Shorthand  
12 (Stenotype) Reporter and Notary Public within  
13 and for the State of New York, do hereby certify  
14 that the foregoing pages 1 through 69 taken at  
15 the time and place aforesaid, is a true and  
16 correct transcription of my shorthand notes.

17 IN WITNESS WHEREOF, I have hereunto set my  
18 name this 25th day of November, 2002.  
19  
20

21   
22 \_\_\_\_\_  
23 ROY A. SELENSKE, C.S.R.  
24  
25

\* \* \*