

Board of Directors Meeting Agenda Marriott Marquis Washington, DC Scarlet Oak Room

Friday, November 3, 2023

8:30 am – 5:00 pm

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| **Board Members Attending** |
| Mark Taylor, PresidentAudrey A. Gramling, President-Elect Mark Dawkins, Past PresidentAnne Farrell, Vice President-Finance Margaret Christ, Vice President- Finance-ElectSarah McVay, Vice President- Research and PublicationsNatalie T. Churyk, Vice President- EducationNorma Montague, Vice President-Diversity, Equity, and Inclusion | Linda Parsons, Director-Focusing on MembershipCristina Florio, Director-Focusing on International- ElectTim Rupert, Director-Focusing on SegmentsBette Kozlowski, Director-Focusing on Academic/Practitioner InteractionYvonne Hinson, Chief Executive Officer |
| **AAA Guests & Professional Staff Attending** |
| Sidney Askew, Council Chair | Erlinda Jones, Senior Director, Meetings & Membership Steve Matzke, Senior Director, External Relations &Governance (virtual)Michele Morgan, Chief Financial Officer (virtual)Karen Osterheld, Senior Director, Center for Advancing Accounting EducationStephanie Austin, Senior Director, Publications and Content Strategy (virtual)Mark VanZorn, Chief Information Officer (virtual) Darlene Dobson, Executive Assistant (virtual) |

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| **Time** | **Topic (V=Vote)** |
| Mark Taylor welcomed everyone to the meeting. The agenda was reviewed with no questions or comments. Mark requested a vote to approve the July 17th and July 25th Board Minutes.***MSC to approve the July 17 and July 25 Board Minutes.*** |
| **CEO Report – Yvonne Hinson Membership update:*** As of November 1st, we have 5467 members, which is 22 up from last year.
* The sections are still low with 7237 members, and we have seen this as a trend. We will be analyzing the average number of sections that a member belonged to five years ago versus today.
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| **Marketing Update:**On October 1st, AAA contracted with Schifino/Lee, an Advertising Agency located in Tampa. Schifino/Lee lacks a little bit in the international and publications areas. They are in mid-process of a top-down audit and evaluation of communications, processes, performance; ongoing recommendations, and they will have a report to us in mid- December which we will be happy to share. We are also engaging with Cactus Global a little later in the year and they specialize in international and publications. Collectively, both agencies will help AAA build a stronger more global brand and support our 2025-2030 goals.**HR Update:*** We are down to 23 professional staff and have just hired a replacement Meetings Manager so we will have 24.
* We are currently interviewing for a replacement Digital Events Manager that will report to Karen Osterheld.
* We are also interviewing for a new Special Project Manager who will report to Karen Osterheld. This position will involve working on our DEIB initiatives and some of the pipeline projects and other projects as we move forward.
* All other positions are on hold right now.

**Publications Update:*** We have additional articles that went to CalCPA for CPE. They looked at 20 articles and 11 were selected this time.
* Knowledge Hub has evolved a little bit and we are looking at another model that some of the state societies have used and we are seeking quotes for site development.
* The transition has been completed from Allen Press to Silverchair. The entire Allen Press backlog is complete and published.
* Digitizing backfile – we have four proposals under consideration currently. We are targeting 2025 for TAR’s 100th Anniversary.

**EBSCO*** Yvonne had a conversation with Chris from EBSCO on October 30th
* They will work with us on backfiles for 100th anniversary of TAR.
* They would like to incentivize AAA to officially extend our contract to the end of 2033. There are several options for us to discuss such as sponsorships, awards, or a one-time payment for licensing some of our content.

**AAA Foundation*** First meeting was held at the 2023 Annual Meeting.
* Second meeting will be a strategy meeting on November 6-7 in Chicago. It will be hosted by the Illinois Society of CPAs.
* The Foundation will be a sponsoring organization of the Future Accounting Stakeholder Symposium.

**Centers*** WEAre webinars scheduling into March 2024, and they are free for all AAA members.
* Inclusive classroom certificate –these are going to be free to everyone not just members. We are discussing getting it out to Deans through the AACSB.
* Currently working on a joint webinar with Bomby Chartered Accountant Society (BCAS).
* We have a 2nd Sustainability, ESG and Accounting conference planned on February 16-17 in Washington DC.
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| **Time** | **Topic (V=Vote)** |
| **Meetings*** The new submission system is up and running – attendee interactive.
* ABO meeting had 221 attendees – pre-pandemic numbers.
* TLC/DIV meeting had 78 attendees (DIV had 30 and TLC had 24) was lower due to programming. The program was very heavy on the diversity side and not balanced.
* Saudia Arabia Conference at KFUPM campus has been postponed until December 10-12, 2024 due to conflict in the region.
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| **Finance Update – Bette Kozlowski, Anne Farrell and Michele Morgan**Bette Kozlowski discussed the year end May 31, 2023 audit process. We met in September with Audit Committee, auditor, and AAA Management. We reviewed the audit report, auditor performance and approved the report. The audit was uneventful and clean.**2024 financials and budget updates**Anne Farrell reviewed the financials and made these comments:* Systems conversions are not easy and there was a change in accounting method for section publications equals Q1 still in progress.
* Phase 2 budget originally showed a loss of around $400k and now looking about 1 million. There was an error in computation of “Net EBSCO revenue and indirect cost allocation” for journals in the General Fund (three AAA

+ public interest section journals) forgot to reduce amount by holdback to support unprofitable journals. Together these four journals are 64% of computation.* Historically, actuals are better than budget and the money did not disappear.
* As VP Finance and Publications Processes Task Force co-chair she would still have recommended the changes that AAA implements the new accounting method for section journals.
* This change represents accountability + transparency

**New Business*** Audit committee had a question about the AAA Foundation. Should the AAA have an expert investment advisor and an investment committee? Either or both especially given foundation (investments) do we need an investment committee, and should we do liquidity analysis and forecasting?
* AACSB has both an expert investment advisor and a finance & investment committee.
* Anne and Bette will discuss what the qualifications there would be for a committee member and the cost of an expert advisor and come back with some examples.
* The audit committee is in the process of updating their conflict of interest and code of ethics policies and will come up with some proposed wording and submit for Board approval.

Underway, with potential financial impacts:* DEIB initiatives.
* Implementation of Meetings Model Task Force.

**Annual Meeting Update – Erlinda Jones and Mark Taylor*** Submissions for the Annual Meeting opened on Wednesday, November 1st which is the earliest opening ever.
* The 2024 Annual Meeting website is up and running.
* We have reduced our hotel room block to reduce our risk.
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| **Time** | **Topic (V=Vote)** |
| **DEIB Committee Update – Norma Montague**Key Themes DEI pulse survey Strengths:* Improvement of journal submission and review process.
* Improvement of discrimination and harassment reporting.
* The question that improved the most is: “as a member of the AAA, I feel free to openly express my ideas, opinions and beliefs.”

Areas for Additional Focus:* Some members have negative sentiment about DEI, but more feel there has just been too much focus on DEI at the AAA.
* Continue to focus on balancing DEI communication content and frequency.
* Consider initiatives to minimize barriers caused by membership/conference fees.
* Continue to focus on international members and member pathways to leadership.

We would like to create four subcommittees, publications, teaching, communications and resources and a pipeline subcommittee. Three were actually created as the pipeline is being handled by other areas.**Key priorities – Publications Subcommittee*** Encourage AAA journals to acknowledge the role of DEI in their aim, scope, editorial board composition as appropriate.
* Encourage transparency in the process of criteria used to select Editors, Editorial Board Members and Reviewers.
* Raise awareness and enhance visibility of research accomplishments.

**Key priorities - Teaching Subcommittee*** Review Inclusive Classroom Modules to identify gaps and topics for future development.
* Develop a strategy for increasing member and non-member completion of Architecture of Insursion Certificate Learning Series
* Curate a toolkit of best practices paper for the use of teaching evaluations in performance reviews and promotion decisions.

**Key priorities - Communications and Resources Subcommittee*** Develop a strategy for communicating DEI topics with members.
* Keep members up to date on DEI topics and resources available to them.

**Key Priorities – Pipeline Subcommittee*** Work with Foundation to support pipeline efforts.

**Architecture of inclusion and inclusive classroom modules**Norma said the completion rates for these modules are low.* For Council - 86% have not completed module1 and 90% have not completed module 2.
* For Board - in 2023 - 4 have not completed module 1 and 8 have not completed module 2.
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| **Global Gathering Update and Brazil, Africa and India Pilot Update** – Steve Matzke, Cristina Florio and Erlinda JonesSteve and Cristina are working on a plan to increase global gathering engagement outside of the typical meetings. Cristina wrote a letter to all the global gathering participants to tell them how to have a conversation outside of the global gathering typical meetings and she is working with Giorgio Gotti on DEI, teaching and research and impact on society. We are going to launch a short survey to the members to see what are issues they are interested in right now and organize a panel session at the annual meeting to discuss these issues. |

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| **Tier 3 AAA Membership pilot update** Brazil, India, All African Nations Partners* Anpcont (Brazil)
* Indian Accounting Association
* Bombay Chartered Accountants Society
* Pan African Finance and Accounting Association
* African Accounting and Finance Association
* AICPA, IMA Academic Membership
* Current Tier 3 membership: Africa 15, India 7, Brazil 14
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| **Lifetime Service Award Committee Update – Mark Dawkins**Nominations are open now and the deadline to submit nominations is January 31, 2024 at 11:59 pm* The award criteria is lifetime service to the AAA and other organizations in the profession.
* You can’t self-nominate.
* Nominees are considered for the year they are nominated and if not chosen will be considered a second year.
* The award recipients will be announced at the annual meeting.
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| **Publications Update – Sarah McVay, Stephanie Austin, Yvonne Hinson****AH Senior Editor Appointment** – The AH search committee and the Research and Publications Committee recommend that Jenny Tucker be appointed as the next Senior Editor of AH. ***MSC to approve appointing Jenny Tucker as the next Senior Editor of AH.*****AI Policy** –Sarah discussed the use of Generative AI and AI-assisted technologies in the writing and publication process – authors’ policy. This policy is focused on authorship and will continuously need to be updated more often than other policies due to its subject matter. ***MSC to approve The use of Generative AI and AI-assisted technologies in the writing and publication process – authors’ policy.*****OA Journal – Yvonne Hinson**Publications and Research Relevance – 2030One of the things the Board asked us to do is to look at the possibility of an OA journal by 2030. Yvonne and Stephanie spoke with Wiley and Elsevier. Elsevier is eager to work with us and brought us the following proposal:**Elsevier Open Access Proposal**:* AAA owned Gold Open Access Journal
* Scope – broad scope focusing on international author
* Terms: 10-year agreement
* 30% Royalty on all net revenue
* 20% APC discount for AAA members.
* $10k Editorial Honoraria with 3% increase each year.

**Elsevier Affiliation OA Offer**:Scope: Sound science Gold Open Access title in accounting and offers AAA the opportunity to affiliate with this upcoming title.Terms: 10-year termOwned by Elsevier, affiliated with AAA. Royalty on revenue* between $0-$50K – 0%
* between $50K -$100K – 6%
* greater than $100K – 7%

100% introductory discount for first 3 years$25K signing bonus payable upon contract signature. |

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| Elsevier wants a signature at the beginning of 2024 (Jan. or Feb.) We are asking if the Board would like to go into contract negotiations with Elsevier.***MSC to approve entering contract negotiations with Elsevier regarding both OA journals.*** |
| **Pipeline Symposium Update – Mark Taylor, Yvonne Hinson and Karen Osterheld**The AAA and NABA cohosted the Pipeline Symposium on September 28th and 29th in Washington, DC. There were twenty organizations that participated in the symposium.The four concentration areas were:* High school
* Community college
* Principles course
* Branding of the profession

Future Accountant Stakeholder Initiatives **Idea 1*** High School – Tool kits - engaging classes and good teachers
* Community college – resource repository and curating content
* Principles courses – revamp the principles course – put together working groups (AICPA, IMA, AAA) to put together a pilot course.
* Branding of the profession –Tool kit - new communication and ways to talk about the profession and what it represents.

**Idea 2*** High school – leveraging community-based organizations to get inroads into High School to raise awareness of accounting (NAF, BPA, DECA, Junior Achievement)
* Community college – Onboarding: aiding faculty to provide best practices to prepare the students to onboard to four-year institutions.
* Branding of the profession – Create a consortium of like-minded accounting professionals to control the narrative and to disseminate it.
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| **Governance Topics – Mark Dawkins and Yvonne Hinson****Nominations and Elections process - Overview of the timeline**We have our ballot for the two key positions. The Council will vote tomorrow, and we will have the full slate on Sunday. The Get to Know the Candidates email will come out in early December and voting will open in January.**Accounting Hall of Fame Nominations - Steve Matzke**Steve said there has been a significant decline in applications for this award. We recently implemented a new nomination process and a new timeline, and we have received the largest number of applications we have had since the AAA took over the award.**Meetings Model Committee – Tim Rupert**We have $823,000 that we are allocating across the meetings for the 17 segments. We have decided to go with the two-driver model which looks at the number of meeting days and number of attendees. We will be presenting this model to the Council tomorrow to educate them on the implementation. The next phase will be meeting with sections on what it will mean for their meetings. The original charge for our committee was to allocate 100% of the cost and have a 5% profit but we think we need to abandon the 5% and replace it with a breakeven target. We will also need to decide on the phase-in of the model. ***MSC* *– 100%, 3-year phase, let committee figure out the “special meeting” deliberation, and the joint meeting factor.***  |

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| **Number of Segments – Mark Taylor, Yvonne Hinson and Karen Osterheld**AAA Services for SegmentsThese services come out of membership dues:* segment emails (min 2 per month)
* manage elections.
* manage webpages.
* maintain committees & leadership (membership)
* maintain bylaws.
* run webinars.
* create financials (17 plus GF)
* MD&As
* Administrative overhead

**Regions-** Do we need to have Regions?* If you join the AAA, you automatically get put into a region.
* Region overhead costs approx. $227,841.
* Attendance at Region meetings and member engagement are down considerably.
* Our AAA Attorney said that the Board has the right to do away with regions.
* Discuss with Council tomorrow and then on Sunday Board can decide.

**Sections – Considerations*** Should there be a minimum number of members for a section to continue?
* What happens to the journal if a section folds?
* What do we do about sections running a negative cash balance which means they are supported by AAA membership dues every year. (Section Advisory Committee)
* Overhead costs = approximately $823,179.
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| **AAA Building Update & Info – Mark Taylor, Yvonne Hinson, Michele Morgan and Mark VanZorn**Board members have recently visited the AAA headquarters and have commented that we are only using 1/3 of the space and the current setup does not function properly.Options:Lease more of the current space and continue to own – will require structural changes to redo space. Sell building and lease back smaller part if possible.Sell building and purchase smaller building. Sell building and rent smaller space.Sell building and move to fully remote. Or do nothing and stay the way we are.* Purchase price - $2,157,720
* Monthly payment – 9,665.20
* Capital improvements $571,672
* Air conditioners $85,508
* Current load balance $1,201,873
* Estimated selling prices JLL 3,688,530-4,386,360
* Estimated selling prices $6,479,850 to 6,739,044 – realtor said 50,000 sq feet or under is market sweet spot
* No capital gains taxes assessed – NFP
* Maintenance $113,059 a year cost
* AAA Part: $84,000 (management fees, utilities, insurance)
* Building has 19,938 sq. feet
* Currently leased 5,487 sq feet
* Tenant would like to lease more or purchase building
* We would need 4500 to 7000 sq. feet
* Could go fully remote but this is not optimal for the staff.
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| **Time** | **Topic (V=Vote)** |
| * Build out $47,480 fully amortized – signs, AC, renovations
* Lease income/year $84,454
* Lease Net Revenue (TI) $42,871 (loan interest, property taxes)

Other considerations* Aging building
* Roof replacement 300K to 450K
* Building insurance $38K
* Property taxes- if we lease we may have to pay

The Board needs to decide on what they would like us to do. The Board would like Yvonne to proceed by talking to the current tenant and if she is interested in purchasing the building.***MSC The Board approves moving forward with selling the AAA building and finding a smaller place to lease and having lease space designed to fit our needs.*** |
| **Council Meeting Agenda & Planning – Sidney Askew, Mark Taylor**Sidney Askew reviewed the Council Agenda for Saturday’s meeting. The Council will select candidates for the Board position of Director-Focusing on Segments. There will be an update from the Meeting Model Committee and the DEI Committee. We will discuss the AICPA’s Experience, Learn & Earn (ELE) Program. |
| **Annual Meeting Speakers and Themes – Mark Taylor and Audrey Gramling 2024 AM Speakers**Mark Taylor discussed some options for AM speakers that he is looking into and asked the Board members for suggestions. AAA has a $15,000 budget for speakers.**2024-2025 – Theme**Audrey discussed her theme. She is thinking about a theme that would be about building and supporting the accounting profession. The theme title she is thinking about is fortifying our future or maybe fortifying the future. |
| **Meeting adjourned at 4:45 pm** |