BOARD OF DIRECTORS MEETING

Saturday, November 9, 2013
Hilton Bonnet Creek
Orlando, FL
8:30 am

I. Call to Order
   Pledge of Allegiance
   Roll Call
   Welcome to Members, Guests, and Staff

II. President’s Remarks

III. Approval of Agenda

IV. Special Order of Business
   A. Treasurer’s Report
      1. August 31, 2013 Financials
      2. Annual Dues Recommendation
   B. Audit Committee Report
      1. 2012/2013 Audit
      2. Investments Update
   C. Government Relations Update
   D. Governance Committee Report
   E. Planning Task Force Report
   F. Campaign Task Force Report
   G. Nominating Committee Report
   H. Membership Report: New EA Dues Waiver

V. Consent Agenda
   A. Approval of Minutes – August 7, 2013
   B. Executive Vice President Report
   C. Affiliate Council Report
   D. Education Report
   E. Ethics Committee Report
   F. Government Relations Report
      1. Van Scoyoc Associates Report
   G. PAC Steering Committee Report
   H. Public Relations Committee Report
   I. Schuldiner/Smollan Memorial Fund Advisory Board Report
   J. Young Professional Task Force Report

VI. Unfinished Business
VII. New Business

VIII. Good of the Order

IX. Announcements
   A. May 10, 2014 meeting, Hyatt Regency Hotel, Crystal City, VA
   B. August 6, 2014 meeting, Cosmopolitan Hotel, Las Vegas, NV
   C. November 8, 2014 meeting, Hilton Bonnet Creek, Orlando, FL

X. Adjournment
The association continues its strong financial position in August 2013. Year to Date (YTD) net income before depreciation and unrealized gain from investments was $336,018, yielding a favorable variance of $65,246 as compared to the original YTD budget of $270,772. Combined YTD net income of $327,711 has a favorable variance of $71,105 as compared to the original YTD budget of $256,606. The combined net income for YTD August 2013 versus August 2012 reflects an improvement of approximately $128,513. It is important to note that the August 31, 2013 financial statements are subject to additional adjustments based on the timing of their release and any unforeseen accruals prior to the audit.

**ACTUAL**

**BALANCE SHEET:**

Cash, under the operating column is $2,278,404 and is comprised of operating cash, petty cash, and investment accounts, which include all funds (Schuldiner/Smollan, Legal, and Scholarship). The portion allocated to those funds is reflected as "Due to" in the operating liability section and “Due from” NAEA in the fund's respective asset section. "Due from/to" is reflected as a book entry only under Generally Accepted Accounting Principles (GAAP), and represents an inter-fund transfer between the separate funds. All cash is readily available and is considered current. The availability of investment cash is based on the organization's investment policies.

The reconciled general ledger operating cash (book) balance as of August 31, 2013 was $1,367,801. The actual operating cash balance per bank statement was $1,474,506. Operating cash is held in a SunTrust commercial standard checking account. The checking account earns credit against bank charges versus actual interest credit. NAEA earns approximately five basis points more under the current rate structure. NAEA continually assesses risk and market trends to determine the safety, potential rate of returns, and volatility of its cash position. The balances in SunTrust investments for all funds total $910,504.

Total current assets of all funds of $3,180,528 at August 31, 2013 increased by $804,655 from the prior year August 31, 2012 balance of $2,375,873. The net change in current assets was mainly due to the change in the reporting of cash and investments using fund balance accounting (Due from/to). The respective difference also is found in the total liabilities section of the balance sheet. The offsetting amount shown on both the asset and liability section is $503,022. The true net increase of
total assets is $301,633. This change is mainly due to the decrease in the amount of prepaid expenses at August 31, 2013.

Fixed Assets represent office equipment and software needed for operations of the organization. Over the estimated useful life of the assets, we depreciate and amortize costs. As a result, the amount of $159,642 recorded on the balance sheet as of August 31, 2013 is the book value of those assets. The fixed assets increased by $66,395 from August 31, 2012. The increase is a combination of the website redesign and upgrade to the organization’s network infrastructure, database, and accounting systems.

Total Liabilities of $2,354,306 (net of the $503,022 offsetting "Due from" NAEA) represent expenses incurred and revenues received which will be recognized in a future period. As a comparison, total liabilities of all funds at August 31, 2012 were $1,849,236. Deferred revenues from membership renewals represent the majority of total current liabilities.

The Net Asset section of the balance sheet represents the association’s accumulated net income/loss for all funds from the date of inception. The increase in total equity of all funds of $295,453 resulted from the prior year’s combined aggregate funds (Operating, Scholarship, etc.). Net Assets are subject to adjustments and accruals made prior to audit.

**STATEMENT OF ACTIVITIES:**

Overall, YTD net income as of August 31, 2013 of $327,711 yielded a favorable variance of $71,105 as compared to the original budget of $256,606. As a comparison, overall YTD net income as of August 31, 2012 was $199,198.

The association’s total revenues of $1,105,889 had an unfavorable variance of $12,614 as compared to the original budget of $1,118,503. YTD total revenues of $1,105,889 are $43,528 or four percent greater than last year’s total revenues of $1,062,361. The favorable variance was mainly due to the continued success of the CPE program.

YTD total expenses of $769,871 were under budget by $77,860 as compared to the original budget of $847,731. Staff continues to be vigilant in monitoring monthly expenses. As a comparison, the total expenses as of August 31, 2012 were $866,943.

For the month ending August 31, 2013, we recorded a decrease in value on investments of $16,994. YTD unrealized gain is $5,860. In keeping with the conservative approach taken in the approved 2013–14 budget, the association has not budgeted for unrealized gain/loss on investments.

**STATEMENT OF ACTIVITIES BY DEPARTMENT:**

The Statement of Activities by Department represents total operating revenues and expenses categorized by each department. The schedule serves as an additional presentation of the association’s operating process.
STATEMENT OF NET ACTIVITIES BY PROGRAM:

YTD dues revenue of $369,206 reflects a minor unfavorable variance of $6,534 as of August 31, 2013. Timing of renewals and historical collection data are considered when budgeting for dues.

Net membership's performance YTD of $7,050 reflects a favorable variance of $842 as compared to the original budget of $6,208. As a comparison, the membership department’s net performance at August 31, 2012 was ($25,084). This is mainly due to timing of budget accruals throughout the fiscal year.

Communication department's net performance reflects an unfavorable variance of $7,682. The variance is mainly due to timing of expenditures versus how the budget was allocated. Initiatives and strategies continue to be implemented by the communication department to promote advertising efforts. New advertising revenue will be continually monitored and evaluated throughout the budget cycle.

Education department's YTD net income of $417,508 reflects a favorable variance of $71,546 compared to the original budget of $345,962. The National Conference in August 2013 recorded a net income of $333,861, yielding a favorable variance of $43,449 as compared to the original budget of $290,412. NTPI registrations of $539,747 had an unfavorable variance of $20,003 as compared to the original budget of $559,750. NTPI expenses of $262,669 were under budget by $58,764 as compared to the original budget of $321,433. The overall favorable variance in the education department is mainly due to the success of the CPE program and the favorable variance of the total expenses of NTPI. YTD, the CPE program is yielding a favorable variance of $25,036.

YTD administrative and operating expenses of $258,862 and $99,616 respectively have a combined favorable variance of $7,764 as compared to the original budget. With many strategic initiatives planned in the technology area for the 2013–14 fiscal year and a planned office relocation, staff is closely reviewing and monitoring expenses.

The NAEA Board of Directors net performance of ($46,218) has an unfavorable variance of $14,312 as compared to the original budget of ($31,906). The variance is subject to timing and accruals.

OPERATING CASH ANALYSIS:

The operating cash analysis is designed to monitor the cash inflows and outflows on a month-to-month basis to better project budget accruals, timing of programs, and planning. It is a management tool that has helped guide internal decisions as they relate to the strategic goals of the organization. Last year’s actual results have been used as a starting point to determine projected inflows and outflows for the fiscal year ending June 30, 2014. Although these are projections, the organization expects a lower cash position in the months of January through March and it positions itself to strategically prepare for that outcome. Please note that the financial statements are subject to subsequent accruals and audit and are a representation of management at the time of issuance.
## NAEE Combined Balance Sheet

**August 31, 2013**

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Schuldiner/Smollan</th>
<th>Legal</th>
<th>Scholarship</th>
<th>Total</th>
<th>8/31/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,278,404</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,941,908</td>
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<tr>
<td>Accounts Receivable</td>
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<td>38,650</td>
<td>28,110</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Due from NAEA</td>
<td>-</td>
<td>313,199</td>
<td>170,876</td>
<td>18,947</td>
<td>503,022</td>
<td>24,033</td>
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<tr>
<td>Due from Syd/Smollan Fund</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Prepaid Expense</td>
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<td>329,653</td>
<td>351,023</td>
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<tr>
<td>Security Deposit-Rent</td>
<td>24,299</td>
<td>24,299</td>
<td>24,299</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>2,677,506</td>
<td>313,199</td>
<td>170,876</td>
<td>18,947</td>
<td>3,180,528</td>
<td>2,375,873</td>
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<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Equipment &amp; Software</td>
<td>791,387</td>
<td>791,387</td>
<td>724,992</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(631,745)</td>
<td>(631,745)</td>
<td>(561,218)</td>
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<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>159,642</td>
<td>-</td>
<td>159,642</td>
<td>163,774</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>2,837,148</td>
<td>313,199</td>
<td>170,876</td>
<td>18,947</td>
<td>3,340,170</td>
<td>2,539,647</td>
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<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Scholarship Fund</td>
<td>18,947</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,759</td>
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<tr>
<td>Due to Sch/Sm Fund</td>
<td>313,199</td>
<td>313,199</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Legal Fund</td>
<td>170,876</td>
<td>170,876</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to NAEA</td>
<td>-</td>
<td>5,000</td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>State Dues Payable</td>
<td>47,373</td>
<td>47,373</td>
<td>68,783</td>
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<td>Initiation Fees Payable</td>
<td>3,042</td>
<td>3,042</td>
<td>9,757</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>1,590,327</td>
<td>1,590,327</td>
<td>1,567,599</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Accrued Expenses</td>
<td>205,542</td>
<td>205,542</td>
<td>174,064</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,349,306</td>
<td>5,000</td>
<td>-</td>
<td>-</td>
<td>2,354,306</td>
<td>1,849,236</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Unrestricted Assets-General</td>
<td>(208,789)</td>
<td>-</td>
<td>-</td>
<td>(208,789)</td>
<td>(392,282)</td>
<td></td>
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<tr>
<td>Restricted-General</td>
<td>368,920</td>
<td>368,920</td>
<td>368,920</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>-</td>
<td>308,199</td>
<td>170,096</td>
<td>29,042</td>
<td>507,337</td>
<td>509,547</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>327,711</td>
<td>-</td>
<td>780</td>
<td>(10,095)</td>
<td>318,396</td>
<td>204,226</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>487,842</td>
<td>308,199</td>
<td>170,096</td>
<td>18,947</td>
<td>985,864</td>
<td>690,411</td>
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<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>2,837,148</td>
<td>313,199</td>
<td>170,876</td>
<td>18,947</td>
<td>3,340,170</td>
<td>2,539,647</td>
</tr>
</tbody>
</table>

**ASSETS**

- **Current**
  - Cash: $2,278,404
  - Accounts Receivable: $38,650
  - Due from NAEA: $38,650
  - Due from Syd/Smollan Fund: $5,000
  - Prepaid Expense: $329,653
  - Security Deposit-Rent: $24,299
  - Other Current Assets: $1,500

- **Total Current Assets**: $2,677,506

- **Fixed Assets**
  - Office Equipment & Software: $791,387
  - Accumulated Depreciation: ($631,745)

- **Total Fixed Assets**: $159,642

- **Total Assets**: $2,837,148

**LIABILITIES**

- **Current**
  - Due to Scholarship Fund: $18,947
  - Due to Sch/Sm Fund: $313,199
  - Due to Legal Fund: $170,876
  - Due to NAEA: $5,000
  - State Dues Payable: $47,373
  - Initiation Fees Payable: $3,042
  - Deferred Revenue: $1,590,327
  - Accrued Expenses: $205,542

- **Total Liabilities**: $2,349,306

- **Net Income (Loss)**: $327,711

- **Total Net Assets**: $487,842

- **Total Liabilities and Net Assets**: $2,837,148
<table>
<thead>
<tr>
<th></th>
<th>YTD Actual 8/31/2013</th>
<th>YTD Budget 8/31/2013</th>
<th>YTD Variance 8/31/2013</th>
<th>Annual Budget 6/30/2014</th>
<th>YTD Actual 8/31/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td>$1,105,889</td>
<td>$1,118,503</td>
<td>$(12,614)</td>
<td>$3,728,143</td>
<td>$1,062,361</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td>769,871</td>
<td>847,731</td>
<td>77,860</td>
<td>3,641,680</td>
<td>866,943</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before Depreciation Expense</td>
<td>336,018</td>
<td>270,772</td>
<td>65,246</td>
<td>86,463</td>
<td>195,418</td>
</tr>
<tr>
<td>Less: Depreciation Expense</td>
<td>(14,167)</td>
<td>(14,166)</td>
<td>(1)</td>
<td>(85,000)</td>
<td>(10,834)</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before Unrealized Gain/Loss</td>
<td>321,851</td>
<td>256,606</td>
<td>65,245</td>
<td>1,463</td>
<td>184,584</td>
</tr>
<tr>
<td>Add: Unrealized Gain (Loss)</td>
<td>5,860</td>
<td>-</td>
<td>5,860</td>
<td>-</td>
<td>(2,017)</td>
</tr>
<tr>
<td>Add: Realized Gain</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,631</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$327,711</td>
<td>$256,606</td>
<td>$71,105</td>
<td>$1,463</td>
<td>$199,198</td>
</tr>
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</table>
### Statement of Activities by Department

<table>
<thead>
<tr>
<th></th>
<th>Revenues:</th>
<th>Expenses:</th>
<th>Net Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>8/31/2013</td>
<td>8/31/2013</td>
<td>8/31/2013</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>8/31/2013</td>
<td>8/31/2013</td>
<td>8/31/2013</td>
</tr>
<tr>
<td></td>
<td>6/30/2014</td>
<td>8/31/2012</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues</td>
<td>$369,206</td>
<td>$375,740</td>
<td>($6,534)</td>
</tr>
<tr>
<td>Other Income</td>
<td>5,446</td>
<td>3,834</td>
<td>1,612</td>
</tr>
<tr>
<td>Membership</td>
<td>18,750</td>
<td>21,950</td>
<td>(3,200)</td>
</tr>
<tr>
<td>Communication</td>
<td>22,718</td>
<td>29,850</td>
<td>(7,132)</td>
</tr>
<tr>
<td>Education</td>
<td>682,369</td>
<td>679,379</td>
<td>2,990</td>
</tr>
<tr>
<td>Government Relations</td>
<td>2,490</td>
<td>1,500</td>
<td>990</td>
</tr>
<tr>
<td>Public Relations</td>
<td>1,910</td>
<td>3,000</td>
<td>(1,090)</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>3,000</td>
<td>3,250</td>
<td>(250)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,105,889</td>
<td>1,118,503</td>
<td>(12,614)</td>
</tr>
</tbody>
</table>

|                      |          |          |                   |
| **Expenses:**        |          |          |                   |
| Membership           | 11,700   | 15,742   | (4,042)           | 117,015   | 35,784    |
| Communication        | 34,299   | 33,749   | 550               | 202,500   | 43,572    |
| Education            | 264,861  | 333,417  | (68,556)          | 487,190   | 350,417   |
| Government Relations | 34,015   | 31,700   | 2,315             | 197,950   | 32,135    |
| Public Relations     | 17,300   | 31,725   | (14,425)          | 190,360   | 16,360    |
| Staff Administration 1 | 258,862  | 271,272  | (12,410)          | 1,617,640 | 251,149   |
| General Operating    | 99,616   | 94,970   | 4,646             | 589,800   | 118,081   |
| Board of Directors   | 49,218   | 35,156   | 14,062            | 239,225   | 19,445    |
| **Total Expenses**   | 769,871  | 847,731  | (77,860)          | 3,641,680 | 866,943   |

|                      |          |          |                   |
| **Net Income (Loss)**|          |          |                   |
|                      | $336,018 | $270,772 | $65,246           | $86,463   | $195,418  |

1- Staff Administration includes salaries and benefits
2- Net Income (Loss) does not include Depreciation, Realized Gains or Unrealized Gains or Losses on Investments
## NATIONAL ASSOCIATION OF ENROLLED AGENTS

### STATEMENT OF NET ACTIVITIES BY PROGRAM

#### 8/31/2013

<table>
<thead>
<tr>
<th></th>
<th>Actual 8/31/2013</th>
<th>Budget 8/31/2013</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>Annual Budget 6/30/2014</th>
<th>YTD 8/31/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DUES</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Revenue</td>
<td>182,480</td>
<td>185,870</td>
<td>369,206</td>
<td>375,740</td>
<td>(6,534)</td>
<td>2,278,443</td>
<td>350,860</td>
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<tr>
<td>Net</td>
<td>182,480</td>
<td>185,870</td>
<td>369,206</td>
<td>375,740</td>
<td>(6,534)</td>
<td>2,278,443</td>
<td>350,860</td>
</tr>
<tr>
<td><strong>OTHER REVENUE</strong></td>
<td></td>
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</tr>
<tr>
<td>Revenue</td>
<td>1,671</td>
<td>1,917</td>
<td>5,446</td>
<td>3,834</td>
<td>1,612</td>
<td>23,000</td>
<td>2,465</td>
</tr>
<tr>
<td>Net</td>
<td>1,671</td>
<td>1,917</td>
<td>5,446</td>
<td>3,834</td>
<td>1,612</td>
<td>23,000</td>
<td>2,465</td>
</tr>
<tr>
<td><strong>MEMBERSHIP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>15,672</td>
<td>17,975</td>
<td>18,750</td>
<td>21,950</td>
<td>(3,200)</td>
<td>82,075</td>
<td>10,700</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,342</td>
<td>10,121</td>
<td>11,700</td>
<td>15,742</td>
<td>(4,042)</td>
<td>117,015</td>
<td>35,784</td>
</tr>
<tr>
<td>Net</td>
<td>7,330</td>
<td>7,854</td>
<td>7,050</td>
<td>6,208</td>
<td>842</td>
<td>(34,940)</td>
<td>(25,084)</td>
</tr>
<tr>
<td><strong>COMMUNICATIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>19,168</td>
<td>22,000</td>
<td>22,718</td>
<td>29,850</td>
<td>(7,132)</td>
<td>184,100</td>
<td>13,933</td>
</tr>
<tr>
<td>Expenses</td>
<td>10,102</td>
<td>6,875</td>
<td>34,299</td>
<td>33,749</td>
<td>(550)</td>
<td>202,500</td>
<td>43,572</td>
</tr>
<tr>
<td>Net</td>
<td>9,066</td>
<td>15,125</td>
<td>(11,581)</td>
<td>(3,899)</td>
<td>(7,682)</td>
<td>(18,400)</td>
<td>(29,639)</td>
</tr>
<tr>
<td><strong>EDUCATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>626,156</td>
<td>643,112</td>
<td>682,369</td>
<td>679,379</td>
<td>2,990</td>
<td>1,101,525</td>
<td>681,332</td>
</tr>
<tr>
<td>Expenses</td>
<td>262,910</td>
<td>326,675</td>
<td>264,861</td>
<td>333,417</td>
<td>68,556</td>
<td>487,190</td>
<td>350,417</td>
</tr>
<tr>
<td>Net</td>
<td>363,246</td>
<td>316,437</td>
<td>417,508</td>
<td>345,962</td>
<td>71,546</td>
<td>614,335</td>
<td>330,915</td>
</tr>
<tr>
<td><strong>GOVT. REL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>460</td>
<td>-</td>
<td>2,490</td>
<td>1,500</td>
<td>990</td>
<td>3,000</td>
<td>1,966</td>
</tr>
<tr>
<td>Expenses</td>
<td>21,122</td>
<td>17,600</td>
<td>34,015</td>
<td>31,700</td>
<td>(2,315)</td>
<td>197,950</td>
<td>32,135</td>
</tr>
<tr>
<td>Net</td>
<td>(20,662)</td>
<td>(17,600)</td>
<td>(31,525)</td>
<td>(30,200)</td>
<td>(1,325)</td>
<td>(194,950)</td>
<td>(30,169)</td>
</tr>
<tr>
<td><strong>PR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>310</td>
<td>1,500</td>
<td>1,910</td>
<td>3,000</td>
<td>(1,090)</td>
<td>8,000</td>
<td>1,105</td>
</tr>
<tr>
<td>Expenses</td>
<td>7,473</td>
<td>15,863</td>
<td>17,300</td>
<td>31,725</td>
<td>14,425</td>
<td>190,360</td>
<td>16,360</td>
</tr>
<tr>
<td>Net</td>
<td>(7,163)</td>
<td>(14,363)</td>
<td>(15,390)</td>
<td>(28,725)</td>
<td>13,335</td>
<td>(182,360)</td>
<td>(15,255)</td>
</tr>
<tr>
<td><strong>ADMINISTRATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>134,247</td>
<td>135,636</td>
<td>258,862</td>
<td>271,272</td>
<td>12,410</td>
<td>1,617,640</td>
<td>251,149</td>
</tr>
<tr>
<td>Net</td>
<td>(134,247)</td>
<td>(135,636)</td>
<td>(258,862)</td>
<td>(271,272)</td>
<td>(12,410)</td>
<td>(1,617,640)</td>
<td>(251,149)</td>
</tr>
</tbody>
</table>
## NATIONAL ASSOCIATION OF ENROLLED AGENTS

### STATEMENT OF NET ACTIVITIES BY PROGRAM

#### 8/31/2013

<table>
<thead>
<tr>
<th>OPERATING</th>
<th>Actual 8/31/2013</th>
<th>Budget 8/31/2013</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>Annual Budget 6/30/2014</th>
<th>YTD 8/31/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPENSES</td>
<td>53,634</td>
<td>47,485</td>
<td>99,616</td>
<td>94,970</td>
<td>(4,646)</td>
<td>589,800</td>
<td>118,081</td>
</tr>
<tr>
<td>NET</td>
<td>(53,634)</td>
<td>(47,485)</td>
<td>(99,616)</td>
<td>(94,970)</td>
<td>(4,646)</td>
<td>(589,800)</td>
<td>(118,081)</td>
</tr>
</tbody>
</table>

#### BOARD

| REVENUES  | 1,500            | 1,625            | 3,000      | 3,250      | (250)    | 48,000                   | -             |
| EXPENSES  | 46,687           | 33,728           | 49,218     | 35,156     | (14,062) | 239,225                  | 19,445        |
| NET       | (45,187)         | (32,103)         | (46,218)   | (31,906)   | (14,312) | (191,225)                | (19,445)      |

| REVENUES  | 847,417          | 873,999          | 1,105,889  | 1,118,503  | (12,614) | 3,728,143                | 1,062,361     |
| EXPENSES  | 544,517          | 593,983          | 769,871    | 847,731    | 77,860   | 3,641,680                | 866,943       |
| NET INCOME (LOSS) BEFORE DEPRECIATION EXPENSE | 302,900 | 280,016 | 336,018 | 270,772 | 65,246 | 86,463 | 195,418 |

| DEPRECIATION EXPENSE | (7,083) | (7,083) | (14,167) | (14,166) | (1) | (85,000) | (10,834) |
| NET INCOME (LOSS) BEFORE UNREALIZED GAIN (LOSS) | 295,817 | 272,933 | 321,851 | 256,606 | 65,245 | 1,463 | 184,584 |

| ADD: UNREALIZED GAIN (LOSS) | (16,994) | - | 5,860 | - | 5,860 | - | (2,017) |
| ADD: REALIZED GAIN | - | - | - | - | - | - | 16,631 |
| NET INCOME (LOSS) | 278,823 | 272,933 | 327,711 | 256,606 | 71,105 | 1,463 | 199,198 |
### NATIONAL ASSOCIATION OF ENROLLED AGENTS
#### STATEMENT OF ACTIVITIES BY PROGRAM-EF SCHOLARSHIP

<table>
<thead>
<tr>
<th></th>
<th>Actual 8/31/2013</th>
<th>Budget 8/31/2013</th>
<th>YTD Actual</th>
<th>Budget YTD</th>
<th>Variance 8/30/2014</th>
<th>YTD 8/31/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SCHOLARSHIP FUND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td>415</td>
<td>-</td>
<td>1,680</td>
<td>-</td>
<td>1,680</td>
<td>-</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td>11,775</td>
<td>11,775</td>
<td>-</td>
<td>-</td>
<td>(11,775)</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td>(11,360)</td>
<td>-</td>
<td>(10,095)</td>
<td>-</td>
<td>(10,095)</td>
<td>-</td>
</tr>
</tbody>
</table>

### NATIONAL ASSOCIATION OF ENROLLED AGENTS
#### STATEMENT OF ACTIVITIES BY PROGRAM LEGAL FUND

<table>
<thead>
<tr>
<th></th>
<th>Actual 8/31/2013</th>
<th>Budget 8/31/2013</th>
<th>YTD Actual</th>
<th>Budget YTD</th>
<th>Variance 8/30/2014</th>
<th>YTD 8/31/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEGAL FUND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td>150</td>
<td>-</td>
<td>780</td>
<td>-</td>
<td>780</td>
<td>-</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td>150</td>
<td>-</td>
<td>780</td>
<td>-</td>
<td>780</td>
<td>-</td>
</tr>
</tbody>
</table>

### NATIONAL ASSOCIATION OF ENROLLED AGENTS
#### STATEMENT OF ACTIVITIES BY PROGRAM SCHULDINER/SMOLLAN FUND

<table>
<thead>
<tr>
<th></th>
<th>Actual 8/31/2013</th>
<th>Budget 8/31/2013</th>
<th>YTD Actual</th>
<th>Budget YTD</th>
<th>Variance 8/30/2014</th>
<th>YTD 8/31/2012</th>
</tr>
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<tr>
<td><strong>TEMP RESTRICTED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### National Association of Enrolled Agents
#### Annual Operating Cash Analysis
**July 1, 2013 through June 30, 2014**

<table>
<thead>
<tr>
<th>Balance</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>$1,300,806</td>
<td>$1,564,136</td>
<td>$1,474,506</td>
<td>$1,351,706</td>
<td>$1,187,856</td>
<td>$ 963,181</td>
<td>$ 802,931</td>
<td>$ 781,181</td>
<td>$ 702,506</td>
<td>$ 624,931</td>
<td>$1,031,931</td>
<td>$1,382,931</td>
</tr>
<tr>
<td>Add: Inflows</td>
<td>775,781</td>
<td>226,571</td>
<td>215,400</td>
<td>189,825</td>
<td>149,150</td>
<td>214,900</td>
<td>146,650</td>
<td>160,600</td>
<td>619,750</td>
<td>712,000</td>
<td>703,875</td>
<td></td>
</tr>
<tr>
<td>Ending</td>
<td>$1,564,136</td>
<td>$1,474,506</td>
<td>$1,351,706</td>
<td>$1,187,856</td>
<td>$ 963,181</td>
<td>$ 802,931</td>
<td>$ 781,181</td>
<td>$ 702,506</td>
<td>$ 624,931</td>
<td>$1,031,931</td>
<td>$1,382,931</td>
<td>$1,643,456</td>
</tr>
</tbody>
</table>

Months in black reflect actual receipts and disbursements.
All other months are projections based on historical activity with adjustments made for current budget initiatives.
TO: NAEA Board of Directors
FROM: Secretary/Treasurer Lisa Miller, EA
SUBJECT: Dues Increase Report
DATE: November 9, 2013

Article IV (Membership Dues and Assessments) Section 4.01 (Setting Annual Dues) of the NAEA bylaws stipulates that:

“The Board will set the amount of the annual dues for membership. The amount of the annual dues will be noticed to the membership no later than sixty days after the Board has voted to change the annual dues or ninety days prior to the close of the fiscal year, whichever occurs first.”

The issue of a dues increase for the 2014–2015 fiscal year has been reviewed in collaboration with staff and NAEA leadership. To arrive at my recommendation, many factors have been considered.

The following is a review of recent history concerning the association's annual dues:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Status of Dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006–2007</td>
<td>$15.00 Increase</td>
</tr>
<tr>
<td>2007–2008</td>
<td>Unchanged</td>
</tr>
<tr>
<td>2008–2009</td>
<td>Unchanged</td>
</tr>
<tr>
<td>2009–2010</td>
<td>$20.00 Increase</td>
</tr>
<tr>
<td>2010–2011</td>
<td>Unchanged</td>
</tr>
<tr>
<td>2011–2012</td>
<td>Unchanged</td>
</tr>
<tr>
<td>2012–2013</td>
<td>$15.00 Increase</td>
</tr>
</tbody>
</table>

The board voted for the most recent annual dues increase to support the 2012–2015 Strategic Plan, which includes new initiatives directed towards expanding public recognition of the EA credential.

From July 1, 2010 through June 30, 2013, the association experienced incremental increases in expenses associated with conducting business. The total increase in expenditures (cash and noncash) during this period was $811,155, while revenue increased by $915,316. During the same timeframe, NAEA significantly increased non-dues revenue. Due to the various sources of non-dues revenue, especially the exceptional growth in income generated by NAEA’s educational initiatives, I anticipate that our dues dependency will continue to decrease.

In contemplating the issue of a dues increase, I have taken into account the recent revenue trends and the extended economic downturn, which continues to place a burden on many of our members. In consideration thereof, I recommend that dues remain unchanged for the 2014–2015 fiscal year.
TO: NAEA Board of Directors  
FROM: Chair Victoria McGinn, EA, CPA  
SUBJECT: Audit Committee Report  
DATE: November 9, 2013

MEMBERS: Victoria McGinn, EA, CPA (Chair); Winston Macon, EA; Jeffrey Gentner, EA; Lisa Miller, EA (ex officio)

CHARGES:

- Review the management letter and audit prepared by the outside CPA firm for NAEA and the NAEA Education Foundation and report the results to the board of directors. Review staff strategies to address any materially deficient conditions recognized by the audit firm.
- Review NAEA’s investment activities and report to the board of directors on an annual basis. Review investment reports quarterly and make any recommendations for change to the executive vice president and director of finance.
- Assist the executive vice president in the selection of new investment managers as conditions warrant and make appropriate recommendations to the board of directors for final approval.
- Ensure the Form 990 and other pertinent tax filings are reviewed by the board of directors before timely filing.
- In accordance with the Sarbanes-Oxley Act, maintain procedures regarding the receipt, retention, and treatment of complaints regarding NAEA’s accounting, internal, controls, and auditing. Appropriate complaints, as determined by the president-elect, will be forwarded to the Audit Committee for consideration and action.
- Refer to the Audit Committee SOP for more information on these procedures.

STATUS:

The committee has completed its immediate charges and has received an "unqualified opinion" (clean) report from our auditors for the fiscal year June 30, 2013 and 2012. There were no material deficiencies noted in the report. The committee also met with the investment broker for its periodic review of the investments. Based on the auditor's findings in the June 30, 2013 audit, the committee discussed its strategies with the investment broker. Subsequently, the portfolio will be rebalanced, and the committee along with the investment broker will review the current policy.

ACTION NEEDED:

Motion to accept the combined audited financial statements with accompanying schedules for the years ending June 30, 2013 and 2012.
TO: NAEA Board of Directors  
FROM: Chair Lonnie Gary, EA, USTCP  
SUBJECT: Governance Committee Report  
DATE: November 9, 2013

MEMBERS:  
Mike Fioritto, EA, CPA; Lonnie Gary, EA, USTCP (Chair); Nancy Lyman, EA;  
Diana Molina, EA; Pat Schmick, EA

CHARGES:
- Discuss and recommend appropriate procedure for filling the second year of a two-year term when a vacancy occurs. Consider the nomination, voting, and participation of members present at the meeting, and whether this should be treated as an explanation in policy and procedures or requires a change to the bylaws.  
- Discuss and recommend strategies to increase the percentage of members who vote in the NAEA BOD elections.  
- Discuss and recommend strategies to make the E@lert as valuable as possible to members. Include a discussion of why nearly 50% of members do not access the E@lert.  
- Discuss and suggest how the BOD should use the results of the self-assessment survey, which is completed after every BOD meeting.  
- Other duties as assigned by the president.

STATUS:
The committee conducted conference calls to discuss the charges and evaluate strategies implemented earlier in the year to achieve the committee charges. With regard to the specific charges, additional steps have been put into place to encourage more member participation in NAEA annual elections (Charge #2). In addition, for the Charge in bullet #4, the committee has collaborated with staff on continuing strategies regarding member feedback to increase readership of E@lert.

As charged in bullet one above, the committee recommends changes to the Policy and Procedure Manual to guide the process of filling the vacancy of a director’s seat. The recommended procedures allow the board to decide whether or not the seat will be filled. In the event the board does wish to fill the seat, the recommended procedures provide guidelines on conducting an election. The process calls for the board to hear limited input from the attending members.
Resulting from the August board meeting, the committee was charged to review the current NAEA awards program to determine the following:

- Determine which awards can be made for posthumous awardees
- Can a member receive the same award twice?
- Can a member receive two awards in one year?
- Does a nominator need be an NAEA member in order to make an award nomination?

**ACTION NEEDED:**

**Action 1:** Modify the Policy and Procedure Manual to include the following:

**Part 1 - Board**

**1.5 Board Vacancy**

1.5.1 In the event that a vacancy occurs, in a period that is not addressed by Bylaw 7.06, the board may elect to leave the board position vacant.

1.5.1.1 The board may consider feedback from members in the audience regarding whether or not to leave the vacancy unfilled.

1.5.2 In the event that the board decides to fill the vacancy, the board will conduct an election to fill the vacancy.

1.5.2.1 In the case of elections to fill the vacancy, nominations and discussion will only be heard by members of the board.

1.5.2.2 The board will nominate members for the vacancy. Consideration of candidates for this vacancy may come from the pool of members who interviewed with the most recent Nominating Committee.

1.5.2.3 Nominations will be heard from the board until the floor is closed for nominations.

1.5.2.4 The board will conduct a secret ballot to elect a member to fill the board vacancy. Ballots will be collected and tallied by the Secretary/Treasurer and the EVP.

1.5.2.5 The individual with the highest number of votes will be declared the winner. In the event of a tie vote, a runoff vote between those individuals with the highest number of votes will be conducted.

1.5.2.6 The runoff election will have the same procedures as noted in 1.5.2.4 above. The winning individual will be installed by the NAEA President and assume the responsibilities of Director.
Action 2: Modify the Policy and Procedure Manual to include the following:

Part VIII – Committees and Councils

8.1.3 Awards

8.1.3.1 With the exception for *The Outstanding Volunteer* and *The Bill Payne Advocacy Award*, posthumous nominees may receive recognition.

8.1.3.2 Awardees are eligible to win the same category of award twice.

8.1.3.3 Awardees are only eligible to win one award in a given year.

8.1.3.4 Nominations may be received from any member or nonmember.
TO: NAEA Board of Directors  
FROM: Chair Terry Durkin, EA  
SUBJECT: Planning Task Force  
DATE: November 9, 2013

MEMBERS:
Cathy Clow, EA; Terry Durkin, EA (Chair); Raven Deerwater, EA, PhD; Mike Fioritto, EA, CPA; Laurie Zeigler, EA

CHARGES:
• Review the material from the breakout sessions at the May meeting, and develop discussion items for review at the August board meeting.
• Conduct comparable collection, distillation, and review of strategic information developed during the August meeting for discussion and review at the November board meeting.
• Produce material to facilitate a discussion as to whether NAEA educational programs should be a cornerstone for efforts to enhance the recognition and professional image of EA stakeholders.
• As necessary, consult with NAEA committees that focus on related areas.
• Review financial implications of any strategies developed to enhance the recognition and image reputation of members.
• Develop and present a plan at the May 2014 meeting on the strategic plan selected.

STATUS:
The task force met several times via conference call with staff liaison, Mike Nelson, CAE, and facilitator, Marla Bobowick MBA, CNM. In these calls, the task force evaluated the results of the August board meeting break out session as well as performed additional research on community colleges and conducted interviews with affiliates who currently have programs in place at community colleges (NY, FL, CA, IN). It is the recommendation of this task force for NAEA to create a tax curriculum for community colleges across the US. This will require strong partnerships with the affiliates to get their local community colleges to offer the tax curriculum. Engaging with enrolled agent proficiency testing providers should be considered to help jump start this initiative.

In the short term, we recommend the following goals:

• Package a non-credit, certificate SEE preparation program that can be delivered to community colleges across the US
• Package a job fair in-a-box that can be used by the affiliates to promote the EA profession at local community colleges as well as four year colleges/universities

In the long term, we recommend considering:

• Programs/Presentations for high school students
• Associate degree program for the community colleges
• Bachelor degree program for the colleges/universities

Our potential market is the 13 million students in community colleges. With inclusion into college course catalogs, job fairs, and academic websites, we will expose this community college market to the EA designation. Even if we initially focus on just the non-credit, certificate programs, we have the potential to reach five million students (first time college students as well as new career re-trainees). By penetrating this U.S. community college market, we will further our goal of enhancing the recognition of EAs.

The task force recognizes that an additional skill set is needed in the group to begin the implementation and business plan creation. We recommend a new task force be created with the following skill set to produce a business plan for the May meeting:

• Experience making contacts in the community college system
• Experience delivering tax programs at the community college level
• Experience with business plan/marketing/curriculum development

**ACTION NEEDED:**

1) Board approval to continue this strategic initiative
2) President appointment of an implementation task force to fine tune the Planning Task Force’s recommendation into a business plan for the May meeting
TO: NAEA Board of Directors  
FROM: Chair Pat Schmick, EA  
SUBJECT: Campaign Task Force Report  
DATE: November 9, 2013  

MEMBERS:  
Fred Davison, EA; Pat Schmick, EA (Chair); Dave Shaw, EA  

CHARGES:  
Outlined below.  

STATUS:  
Charge 1: Establish acceptable methods for candidates, nominees, and supportive members to utilize e-mail for campaign purposes.  

A. Campaign materials shall focus on issues that impact the advancement of the enrolled agent credential or NAEA Strategic Plan.  
B. Addresses (physical or electronic) used for campaigning cannot be compiled from the NAEA national or the affiliate database. This shall include marketing materials (i.e., “Find an Enrolled Agent”) located on the NAEA or affiliate website.  
C. E-mail distribution can only be via personal lists; (Consistent with item 7.5 (member privacy) of the Policy and Procedure Manual. The mailing of campaign materials other than those sent by the association, including mass e-mails more than one time is considered supplementary and is strongly discouraged, as many members consider this type of activity bothersome).  

Charge 2: Develop parameters for distribution of campaign material at NAEA and affiliate meetings.  

A. Campaign materials will not disparage nor include negative information or comments regarding other candidates running for the same elected office.  
B. Campaign materials distributed at NAEA meetings (i.e. November national meeting) can be distributed by use of NAEA-provided tables located in common areas. Distribution of materials inside meeting rooms is prohibited.  

Charge 3: Recommend boundaries for social media usage for campaigning purposes.  

A. Candidates can employ social media to campaign, but this media cannot be of NAEA or affiliate origins.
Charge 4: Provide guidance to affiliates who support candidates and nominees.

A. Candidates are prohibited from placement of campaign advertisements on NAEA media (newsletters, magazines, websites, etc.) as well as on affiliate websites or newsletters.
B. Direct endorsement of a candidate by an affiliate is prohibited.
C. The affiliates only role shall be to encourage all members to vote in the national election as to increase member participation.
D. The affiliates will remain neutral and will not encourage or discourage voting for a specific candidate(s).
E. Equivalent consideration in publications/newsletters/e-mails shall be given to all candidates.
F. Candidates shall not make campaign statements at any NAEA or affiliate meeting without the other candidates for that office being invited to be present and accorded equal time to speak.

Charge 5: It is possible the president may expand this charge to meet NAEA’s needs as the year progresses.

A. Campaign materials/events (e.g., candidate flyers, brochures, receptions, banners, etc.) aggregate costs shall not exceed a suggested guideline of $500.
B. NAEA may facilitate 2–3 minute candidate interviews and make those available to the members via podcast disseminated to members by NAEA.
C. All candidates are allowed to begin campaigning the day after final individual tax extensions are due (usually October 16).
D. Candidates, and those introducing them, may not use lecture engagements as campaign promotions.

ACTION NEEDED:

The Campaign Task Force requests that NAEA adopt the following items as the guidelines for nominees and candidates to follow while campaigning for an election:

- Items A–C as outlined above under charge 1;
- Items A & B as outlined above under charge 2;
- Item A as outlined above under charge 3;
- Items A–F as outlined above under charge 4; and
- Items A–D as outlined above under charge 5
TO: NAEA Board of Directors
FROM: Chair Frank Degen, EA, USTCP
SUBJECT: Nominating Committee Report
DATE: November 9, 2013

MEMBERS: 
Frank Degen, EA, USTCP (Chair); Connie Ferrell, EA; Winston Macon, EA; Sandra Martin EA; Joyce Mohr, EA; Richard Rhodes, EA; Janet Sienicki, EA

CHARGE: 
No later than 15 days after the end of the Annual Meeting of the current year, the committee submits a report to the BOD and the membership nominating at least one member [but not more than two] for each officer position and at least one member [but not more than two] for each director position that is vacant or is scheduled for replacement. The committee will develop at least one question, which will be answered by all nominees and candidates. Each individual’s answers will be published with the nominee/candidate’s bio and goals in the EA Journal, ballot, and website.

STATUS: 
The Committee fulfilled its charge – a slate of nominees was presented to the Board and the membership and a common question (Why do you want to become an NAEA leader?) was given to all nominees and candidates. The members are now charged to vote in the election opening December 1 and closing December 16.

Based on its experience from this year’s interviewing process, the Committee also offers some issues for Board consideration. The Committee suggests one item for immediate action and others for future consideration.

As currently written, the NAEA Policy & Procedure (P&P) Manual at section 4.3.4 permits nominee interviews via video conferencing in extenuating circumstances. The Committee believes that it may be time for removal of that limiting condition. Available technology, the steady increase in the number of interviewees, and the financial burden on members to get to Las Vegas for interviews are some of the factors that drive our request for an evaluation of the current section 4.3.4. This item is addressed in the Action Needed portion of this report.

The Committee foresees increased use of video conferencing in NAEA’s future. Obviously, a good deal of preparatory groundwork is needed. Staff would need to research the available technology and offer suggestions as to the most effective
with respect to performance and cost. Certainly, the technology could be used by all committees but we limit our suggestions to Nominating Committee procedures. We offer the following for consideration and discussion.

- The 2014 Nominating Committee should “experiment” with video conferencing. Instead of phone conference calls prior to arrival at National Conference, these Committee calls should be conducted by video conference. 2014 interviews would then be conducted using the procedures in the P&P manual.
- After the 2014 process is complete, a Task Force consisting of NAEA members who have served on a Nominating Committee could be formed to consider the procedures for a full scale video conference regime. The Task Force recommendations would be submitted to the Board for discussion and approval at the May, 2015 Board meeting.
- The 2015 Nominating Committee would then be prepared to operate in full scale video conferencing mode using the approved procedures.

**ACTION NEEDED:**

Board discussion and a possible motion to change the Policy & Procedure Manual at section 4.3.4 to remove the phrase “in extenuating circumstances, at the discretion of the Nominating Committee”. If that phrase was removed, “may be considered” would require a change to perhaps read “are permitted”.

Currently, section 4.3.4 reads as follows:

4.3.4 Nominating Committee in-person interviews are preferred but in extenuating circumstances, at the discretion of the Nominating Committee, videoconferencing or other electronic means that allow the full Nominating Committee to view and communicate with the applicant may be considered. The entire cost, if any, will be borne by the candidate who requests the alternate interview method.
TO: NAEA Board of Directors  
FROM: EVP Mike Nelson, CAE  
SUBJECT: New EA Membership Discount  
DATE: November 9, 2013

Recommendation: At this time I recommend that we not offer free membership to newly licensed enrolled agents.

NAEA’s membership and marketing departments collaborate on efforts to attract members and associates to NAEA. These efforts include direct initiatives (for example, brochures, emails, and letters) and indirect pitches paired with educational opportunities, information about what is happening in the EA profession and discounts. NAEA staff and members present the value of membership in person at trade shows, forums, and educational events. As frequently as possible, we add a personal touch to our emails, phone conversations, and letters. Over the past few years, NAEA has worked to develop a strong value proposition for membership by producing professional pieces and highlighting NAEA’s public awareness and advocacy programs. Being part of the organization, which promotes and protects the EA profession, is a focal point of our recruitment and retention efforts – it is a sense of pride that we want to shine through our messages.

While we have been building resources for members like the NAEA and EA logos, tag line, and other items of the marketing toolkit, we have reduced attention on lower tier benefits such as car rentals. In raising the cachet of membership, we reconsidered use of excessive discounts as recruitment incentives. Previously, we have offered as much as 50 percent off for any new member. We do offer recruitment discounts, but the amounts are reduced to $40 for our mailed initiatives and $60 for show discounts or special recruitment efforts, usually combined with a state membership drive. Substantial discounts have an unintended consequence – dues for the second year seem to be inordinately high, and members may not renew based on the perceived increase.

Attracting new enrolled agents is important for NAEA’s success, and we are frequently asked if it is possible to obtain a list of only new EAs, or people who have registered to take the SEE. The answer is no to both questions. NAEA acquires the full EA and PTIN holder lists from IRS through a Freedom of Information Act (FOIA) request. Although IRS provides each person’s basic contact information, the Service does not divulge the EA number or PTIN, nor does it disclose when a person received the license or number. In addition, there is a substantial delay when information is available through FOIA requests. IRS only provides an updated list to the office that administers the FOIA requests three or four times a year. Changes to the list such as the addition of new EAs or the recent suspensions and terminations, which affected some 7,000
EAs, may or may not be included on the list we receive next from IRS. NAEA can compare the most current list with prior lists and generate a list of people who have been dropped from or added to the IRS list.

At the last board meeting, a suggestion was made to explore offering a free membership to new enrolled agents. There are a number of points to take into consideration, including:

- Timing of an offer of reduced dues will likely get to new EAs six to eight months after they receive their EA license. This delay may reflect poorly on NAEA, given that we are extending this “congratulatory” offer to new EAs well after their achievement.
- Some people join NAEA as associates and then earn their EA license, and some new EAs join NAEA right away. As a point of fairness, NAEA would need to consider refunding national dues or otherwise compensating the new EAs, so as not to penalize them for joining NAEA sooner.
- NAEA has a dual membership requirement for enrolled agents. Offering a free national membership would still require the EA to join the state association, so it would not really be free. NAEA could pay the state dues on the new EA’s behalf, but this would be cost prohibitive.

Aside from the operational details, it is important to consider whether offering a free membership to new EAs will decrease the perceived value of membership. We know from previous experience with substantially reduced first year’s dues that the full rate of dues during renewal can seem shockingly high. If we bring in a large number of new EAs for free, and then we lose a high percentage because of this sticker shock, we may not re-gain these EAs as members. There is also the perception that something given away for free has little or no value, and this is not the image we want to build.

From October 2012 to October 2013, approximately 550 of the 1,201 new members were EAs who had earned their license within the first year of membership. Based on last year’s information, if NAEA were to extend a free membership for their first year’s dues, NAEA would reduce our revenue by $110,000, and still have to pay for $20,900 in hard costs ($38 per member) for benefits for these members.

For the reasons indicated previously, at this time, I believe offering new enrolled agents a complimentary membership would not be a prudent strategy to affect long-term growth of membership in NAEA.
MINUTES OF THE
NATIONAL ASSOCIATION OF ENROLLED AGENTS
BOARD OF DIRECTORS
Wednesday, August 7, 2013

I. CALL TO ORDER

A. The regular meeting of the Board of Directors of the National Association of Enrolled Agents was called to order at 8:35 am on Wednesday, August 7, 2013 at the Cosmopolitan Hotel in Las Vegas, Nevada. President Buckingham presided as chair and, without objection, she appointed Lonnie Gary, EA, USTCP as Secretary Pro Tem.

B. Elizabeth Krug, EA, led the members in the Pledge of Allegiance. Following the pledge was a moment of silent reflection to remember Director Griffin and Secretary/Treasurer Miller in their absence, those who have passed away, and our service men and women defending our freedoms.

C. Roll Call

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<th>Present/Absent</th>
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<td>Betsey Buckingham, EA</td>
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<td>President-Elect</td>
<td>Lonnie Gary, EA, USTCP</td>
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<td>Secretary/Treasurer</td>
<td>Lisa Miller, EA</td>
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<td>Immediate Past President</td>
<td>Frank Degen, EA, USTCP</td>
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<td>Director</td>
<td>Jim Adelman, EA</td>
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<td>Director</td>
<td>Laurie Ziegler, EA</td>
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<td>Executive Vice President</td>
<td>Mike Nelson, CAE, Ex Officio</td>
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Secretary Pro Tem Gary established a quorum of directors in attendance.
II.  PRESIDENT’S REMARKS

President Buckingham welcomed all guests and noted the meeting would adhere to standing rules. She appointed Mike Fioritto, EA, CPA, as the timekeeper for the meeting. President Buckingham thanked and acknowledged many individuals attending the meeting and recognized the past presidents in attendance: Frank Degen, EA, USTCP; Sandra Martin, EA; and Sherrill Trovato, EA, USTCP.

III. APPROVAL OF THE AGENDA

The following items were added to the “New Business” section of the agenda:

A. Membership Discussion
B. Affiliate’s Requirement for Speakers/Instructors
C. NAEA Website Discussion

**Motion 1.** It was moved by Director Ziegler, and seconded, to approve the agenda as modified. **Passed.**

IV. SPECIAL ORDER OF BUSINESS

A. TREASURER’S REPORT

Executive Vice President Nelson presented the variance report on the financial statements and projections for the year ending June 30, 2013. It was noted that the net revenue before depreciation and unrealized gain/loss from investments was $209,973 yielding a favorable variance of $140,281 as compared to the original budget of $69,692. Combined YTD net income of $200,166 yields a favorable variance of $195,474 as compared to the original YTD budget of $4,692. When comparing June 2013 to June 2012, this reflects an improvement of $238,690.

**Motion 2.** It was moved by Director Reedman, and seconded, that the Treasurer’s report be accepted, pending audit. **Passed.**

**Motion 3.** It was moved by Immediate Past President Degen, and seconded, that the NAEA board authorize the transfer of $125,000 from the 6/30/13 YTD net income into the DORF (a board designated operating reserve fund). **Passed.**

Executive Vice President Nelson brought to the attention of the board that the Policy and Procedure Manual needed housekeeping changes to bring the verbiage of item 5.7 current with GAAP terminology.

**Motion 4.** It was moved by Director Ziegler, and seconded, that the policy and procedure 5.7 be changed from “restricted reserves” to “board designated unrestricted reserves.” The new language will read:
5.7 All surplus funds at the end of the fiscal year are to be placed in board designated unrestricted reserves. The Board designated unrestricted reserve fund may be accessed only by a two-thirds vote of the Board and may be used for one-time development fees for new programs or projects consistent with the Strategic Plan, capital expenditures or unforeseen circumstances that arise during a fiscal year.

Passed.

B. GOVERNMENT RELATIONS UPDATE

Chair Gary Anspach, EA, and Bob Kerr, NAEA Senior Director of Government Relations updated the board on IRS’ decision to discontinue two e-Services functions: disclosure authorization and electronic account resolution. Additionally, they discussed the S. 420/H.R. 901 (The Tax Return Due Date Simplification and Modernization Act of 2013) and the penalty reform in connection with tax reform. After answering several questions, they concluded their report.

C. GOVERNANCE COMMITTEE REPORT

Chair Lonnie Gary, EA, USTCP, presented the Governance Committee report. Pursuant to the May 2013 board meeting, the Governance Committee was to review the recommendations of the Ethics and Professional Conduct Committee regarding the addition of two hours of ethics-related CE (three consecutive years) for members found to have violated the NAEA Code of Ethics and Professional Conduct.

Motion 5. The Governance Committee moved that the NAEA Code of Ethics and Professional Conduct be amended by inserting the following under Appendix A.

II. Definitions

H. Continuing Education (CE): Instruction that meets the IRS requirement for Ethics education.

IV. FINDINGS AND RECOMMENDATIONS

C. Continuing Education

1. In the event of any finding of a breach in Ethics and Professional Conduct by a member, a remedy for the offense will be two additional hours, annually, of ethics CE. The CE requirement will be for a three year period, beginning after the board determination of violation for the offense.
2. This CE will be in addition to the IRS requirement of two hours of ethics CE annually.
3. This requirement will be in addition to possible censure or suspension.
4. The EVP shall review the member’s adherence to this requirement and in the event the additional CE responsibility is not met, the EVP will recommend expulsion to the board.

Passed.
The Governance Committee was also charged with creating a process that would be used to fill the vacancy of a director’s seat for the second year of a 2-year term and made the following motion:

**Motion 6.** The Governance Committee moved that the Policy and Procedure Manual be amended to include the following under Part I – Board:

**1.5 Board Vacancy**

1.5.1 In the event that a vacancy occurs for one year of a two-year term, the board may elect to leave the board position vacant.

1.5.1.1 The board may consider feedback from members in the audience regarding whether or not to leave the vacancy unfilled.

1.5.2 In the event that the board decides to fill the vacancy, the board will conduct an election to fill the vacancy.

1.5.2.1 In the case of elections to fill the vacancy, nominations and discussion will only be heard by members of the board.

1.5.2.2 The board will nominate members for the vacancy. First consideration of candidates for this vacancy may come from the pool of members who interviewed with the most recent Nominating Committee.

1.5.2.3 Nominations will be heard from the board until the floor is closed for nominations.

1.5.2.4 The board will conduct a secret ballot to elect the member to fill the board vacancy. Ballots will be collected and tallied by the Secretary/Treasurer and the EVP.

1.5.2.5 The individual with the highest number of votes will be declared the winner. In the event of a tie vote, a runoff vote between those individuals with the highest number of votes will be conducted.

1.5.2.6 The runoff election will have the same procedures as noted in 1.5.2.4 above. The winning individual will be installed by the NAEA President and assume the responsibilities of Director.

After discussion the board requested that the wording of the recommended policy and procedure section be revised to complement bylaw 7.06 and that the Governance Committee will report back at the November meeting.

**Recess:** President Buckingham adjourned for a break at 10:00 am and reconvened at 10:26 am.
D. AWARDS COMMITTEE REPORT

Chair Debbie Cope, EA, presented the Awards Committee report. The committee reviewed 50 nominations and presented one award in each category this year. The committee was charged with reviewing the provisions for posthumous nominees in each award category and to make recommendations.

Motion 7. It was moved by Director Rhodes, and seconded, that the board approve posthumous awards for all categories provided the intended recipient has been deceased less than 12 months prior to the submission date of the award for which he/she is nominated. Failed.

The Awards Committee requested that direction is given in the following areas:

a. Can a member receive the same award twice?
b. Can a member receive two awards in one year?
c. Does a nominator need to be an NAEA member in order to make a nomination?

The posthumous awarding criteria and the outlined questions were deferred to the Governance Committee for review and to present recommendations at the November meeting.

E. OFFICE RELOCATION TASK FORCE REPORT

Chair Jim Adelman, EA, presented the Office Relocation Task Force report to the board. The task force looked at many properties since the May board meeting and considered several factors while looking for a new location for the NAEA staff office. Accessibility to public transportation, size in relation to cost, and proximity to IRS were deciding factors in the decision making process. In addition, staying with the same property owner, Blake Real Estate, Inc., allows NAEA to move prior to the expiration of the lease, which is May 2014.

Motion 8. It was moved by Director Adelman, and seconded, that the staff be authorized to negotiate with the Blake Real Estate, Inc. for a lease of space at 1730 Rhode Island Ave, Washington, DC. Passed.

It was noted that the Executive Committee will review the final lease.

F. CAMPAIGN TASK FORCE REPORT

Executive Vice President Nelson, the staff liaison for the Campaign Task Force, presented the report on behalf of Pat Schmick, EA. The task force is charged with providing guidelines regarding campaigning for national office. The campaign guidelines outlined in the committee report were reviewed by the board and referred back to the task force for refining.

G. NOVEMBER 2014 MEETING SITE DISCUSSION

Education Committee Chair Alan Pinck, EA, and Holli Jones Kimbrough, staff liaison, explained the merits of offering NTPI Level 1 & 2 in Orlando in November
2013. They will use the attendance data from the event to determine if offering all three levels in Orlando 2014 would be prudent.

**Motion 9.** It was moved by Director Ziegler, and seconded, that the board directs NAEA staff to locate the November 2014 meeting (Board/APEX/NTPI) in an Orlando venue. **Passed.**

H. STRATEGIC DISCUSSION

The Planning Task Force is charged with implementing one new initiative that will enhance the recognition of enrolled agents. Chair Durkin gave a presentation to the board regarding the most popular findings from a survey to the audience of the May board meeting (where the initial strategic discussion began). The results found that 82 percent of the respondents hope to see enrolled agent curriculum offered at community colleges, 77 percent of respondents felt a college job fair is worth pursuing, and another 55 percent indicated NTPI certification would enhance the enrolled agent recognition. Because the curriculum idea has the highest results, the task force decided to implement this as their new initiative.

Marla Bobowick, NAEA’s contracted strategic planning facilitator, led the board and the audience through a break out session by posing the questions:

- What are the key components to this initiative?
- Who should be involved in developing this initiative?
- How would we roll it out? What phases should we consider for implementation?
- What would success look like? How would we measure it?

After each group collaborated, they presented their discussion points to the board. President Buckingham thanked Chair Durkin, Marla Bobowick, and the task force for their efforts and looks forward to the next phase of the community college initiative.

V. APPROVAL OF THE CONSENT AGENDA

**Motion 10.** It was moved by Director McGinn, and seconded, that the board approve the consent agenda. **Passed.**

IV. UNFINISHED BUSINESS

There was no unfinished business to discuss.

VII. NEW BUSINESS

A. MEMBERSHIP DISCUSSION

President Buckingham called upon Director Rhodes who suggested that offering a free membership to new enrolled agents for the first year would entice them to become paying members thereafter. Executive Vice President Nelson will look at the potential of this idea by doing due diligence with research and looking at the financial impact. He will report his findings at the November meeting.
B. AFFILIATE’S REQUIREMENT FOR SPEAKERS/INSTRUCTORS

President Buckingham asked Immediate Past President Degen to discuss his concerns surrounding the lack of affiliates who require speaker/instructors to be NAEA members.

Motion 11. It was moved by Immediate Past President Degen, and seconded, that the NAEA Board request all affiliates to adopt a policy similar to the NAEA policy in motion #6 passed by the board in August 2006, to wit, “Whenever NAEA engages the services of any enrolled agent at the educational event, that enrolled agent must be a member of NAEA. Engagement contracts will include a provision requiring membership in NAEA.” Passed.

C. NAEA WEBSITE DISCUSSION

Immediate Past President Degen expressed his disapproval of the amount of advertising on the NAEA webpage and that the materials in the “News” section on the NAEA homepage were not current. Executive Vice President Nelson noted that increasing non-dues revenue is built into the strategic plan and staff will work on updating the website.

VIII. GOOD OF THE ORDER

The meeting was recessed to the Good of the Order. Members of the audience provided remarks and the meeting was reconvened to the business of the organization.

IX. ANNOUNCEMENTS

The following announcements were made regarding upcoming NAEA Board of Directors meetings:

- November 9, 2013 in Orlando, FL
- May 10, 2014 at the Hyatt Regency Hotel, Crystal City, VA

X. ADJOURNMENT

The meeting was adjourned at 1:10 pm.

Respectfully submitted,

Lonnie Gary, EA, USTCP
Secretary Pro Tem
The following members and guests signed in as present at the NAEA Board Meeting on August 7, 2013.

Susan Anderson, EA  WA    Joyce Mohr, EA  MA
Gary Anspach, EA  CA    Kathryn Morgan, EA  LA
Karen Asfeld, EA  MN    Bob Nakamura  WA
Eric Bailey, EA  TX    Jean Nelsen, EA  CA
Shelley Barker, EA  NM    Bill Nemeth, EA  GA
John Beazle, EA  GA    Wes Parker, EA  TN
Helen Biddix, EA  GA    Laura Passe, EA  MN
Merry Brodie, EA  GA    Alan Pinck, EA  CA
Lee Byrd, EA  KY    Marie Poole, EA  WA
Michael Carlisle, EA  FL    Patty Pringle, EA  CA
Catherine Clow, EA  CA    Timothy Resor, EA  OH
Kathleen Collins, EA  GA    Andy Rogers, EA  CA
Quinn Combs  WA    Ira Rosenberg, EA  OR
Debbie Cope, EA  TX    Gay Schmidt, EA  MN
Merlin Davis, EA  MN    Jeffrey Schneider, EA  FL
Eric Duncan, EA  VA    Andrew Stadler, EA  IN
Anna Maria Dunson, EA  TX    Bill Stewart, EA  CA
Connie Ferrell, EA  CA    Judy Strauss, EA  NY
Michael Fioritto, EA, CPA  OH    Ben Tallman, EA  GA
Jerry Gaddis, EA  FL    Jacqueline Thomson, EA  CA
Rose Hablitzel, EA  CA    David Tolleth, EA  NJ
Edward Harris, EA  WA    Sherrill Trovato, EA, USTCP  CA
Robert Hartmann, EA  NV    Linda Ward, EA  CO
Kay Hill, EA  OH    Carol Wild, EA  OR
Patricia Jenkins, EA  NM    Frank Wong, EA  CA
Jaswant Jessie, EA  CA    John Wood, EA  AZ
Donna Joyner-Rodgers, EA  NV
Patti Kappen, EA  CA
Harpal Kaur  CA    Maya English  NAEA Staff
Margaret Kehoe, EA  CA    Jacqueline Gellner  NAEA Staff
Elizabeth Krug, EA  UT    Alyce Hamilton  NAEA Staff
Clarice Landreth, EA  CO    Eli Hernandez  NAEA Staff
Michael Lawrence, EA  NY    Holli Jones Kimbrough  NAEA Staff
Marie Linders, EA  OR    Robert Kerr  NAEA Staff
Jeffrey Linders, EA  OR    Sam Matlick, CAE  NAEA Staff
Winston Macon, EA  VA    Marie Strawlo  NAEA Staff
Sandra Martin, EA  NY    Gigi Thompson Jarvis, CAE  NAEA Staff
Michelle McBride, EA  WI    Scarlett Vanyi, CAE  CSEA Staff
TO:  NAEA Board of Directors
FROM:  EVP Mike Nelson, CAE
RE: Activity Report
DATE: November 9, 2013

This is an exciting time at NAEA! As always, technology seems to be our ticket to the future. Interestingly, Facebook traffic reached an all-time high the last week of August with a reach of 9,103 people. Facebook is actively used by our government relations team to relay the happenings on Capitol Hill, such as the government shut down and Loving v. IRS. The membership team is collaborating with the Affiliate Council to ensure the member resources on the NAEA website are timely and relevant. ACGI, our database vendor, often visits in-person with the staff to conduct boot camps, which are intensive meetings that shape the database to fit our operational needs. We are expected to begin testing the program early next year and go live with the database in the spring.

We have been increasingly working towards engaging younger adults and introducing them to the world of enrolled agents. Recently, the communications team designed a brochure that promotes becoming an enrolled agent as an ideal career choice. Due to the success of our exhibiting experience at the Beta Alpha Psi (BAP) national convention, NAEA has opted to become a professional partner of the organization. This means that NAEA will be able to exhibit at two regional meetings, be invited to attend an event with only the instructors at the national convention, will have opportunities to make a presentation or moderate a session, and judge a competition at the BAP annual convention. Information about America’s tax experts, the benefits of membership, and links to our website will be included on the BAP website.

Our very own past president Gina Jones, EA, will be teaching at Teachers of Accounting at Two-Year-Colleges (TACTYC) National Conference next year in New Orleans! Her presentation on a career as an enrolled agent, along with our annual exhibit at the conference, should greatly increase awareness of enrolled agents and NAEA with the members of this group.

Bob Kerr and Sam Matlick visited with IRS’ Enrolled Agent Policy and Management Director, Gethrel Williams, who has responsibility for the Detroit processing center that handles enrolled agent applications and renewals. They discussed the recently concluded renewal season, Form 23 processing, EA suspension and termination letters, and a redesign of the EA database (expected no earlier than 2015). Sam and Bob were very surprised to hear about the large amount of suspension letters that are distributed. The government relations team is dedicated to help members through the renewal process and broadening the awareness to members who are newer enrolled agent.

Impressively, the PAC has reached 90 percent of their goal and they are approximately seven months into their PAC year! Thank you to all who have donated thus far and to those who tirelessly volunteer to help make the PAC a bridge to strengthening the enrolled agent credential with influential tax policy legislators.
The elections this year will open December 1 and close on December 16. Keeping with the board’s decision last May, only online voting will be allowed. I encourage all members to visit our website to view the nominees and candidates biography and cast their vote when the time comes.

NTPI graduated record numbers again this year with 235 people walking across the stage as Fellows! Last year, NTPI graduated 182 Level 3 attendees. Much of the success is due to the ability to take Level 1 online and that NAEA has offered Level 2 several times over the last year. On a side note, attendance numbers overall this year topped last year’s record enrollment with 761 attendees this year.

The staff is buzzing about the relocation to our new office. In August, we took a “field trip” to view the suite. All feel that the location is bright and cheery due to the abundance of windows in the triangular shaped space and will provide better functionality thanks to the layout. The new office will have workstations available to traveling members of NAEA to use when they are in DC. I hope all members feel welcome to visit. In the meantime, some of the staff are participating in a task force which will hammer out the internal details and logistics of moving, such as record retention, equipment procurement and movement, and scheduling contractors/vendors. The target date for the move is March 1, 2014.

There is so much more happening at NAEA, and I encourage you to continue reading for details of other endeavors that the staff, along with our volunteers, are accomplishing.

**Goal Area I: Recognition of Enrolled Agents**

Enrolled agents (EAs) are recognized by the public as America’s tax experts.

**Strategic Objectives:**

- Expand public recognition of the enrolled agent (EA) credential
- Brand enrolled agents (EAs) as America’s tax experts

**Improving Public Awareness**

In response to member requests, NAEA produced a thirty-second Public Service Announcement (PSA) video for member use. This is now posted under the Tools for Members section of the website as announced in the October 25 E@lert. The PSA outlines the qualifications of enrolled agents and stresses that taxpayers should not trust their financial information to just anyone. Members are encouraged to send the video to their local television stations and ask that it be run as a PSA.

Directly after the 2013 National Conference, NAEA promoted the enrolled agent profession to over 1,200 students and instructors at the Beta Alpha Psi Annual Convention in Anaheim, CA. Beta Alpha Psi (BAP) is a college honor society for financial information majors, and the students and instructors were extremely interested in learning about the enrolled agent career path. Subsequently, NAEA created a new student oriented brochure that promotes a career as an EA. This was posted to the recently added “Promoting a Career as an EA” area under Member Resources on the NAEA website, where it can be downloaded and printed out by members. NAEA is also distributing these brochures to BAP members and to members of the Teachers of Accounting at Two-Year-Colleges (TACTYC) education association.

Press releases were written and distributed announcing the new NTPI graduates and the 2013 NAEA award winners. The press releases on the award winners were distributed to the local media in each winner’s area. NAEA also distributed a press release on the Affordable Care Act
and deadlines for businesses affected by it, and made this available for members to send to media in their locales.

NAEA is in the process of developing a web tutorial for members on how to use the Tools for Members section of the NAEA website. Not only will this tutorial be accessible from the home page, it will be included in the electronic welcome kit for new members. This new guide to the promotional resources NAEA provides is being developed as part of our effort to arm our members to raise awareness that enrolled agents are America’s tax experts at the grassroots level.

Social media success! During the last week in August, NAEA’s Facebook fan page traffic rose 373 percent for a total weekly reach of 9,103 people. While we have not been able to sustain that high, the fan page traffic is significantly up from last year. When non-members ask to join the members-only NAEA Facebook group, NAEA reaches out to inform them that they cannot be accepted into the group unless they are members of NAEA. Information on benefits and an application are included in the message.

NAEA has chosen to work with NewsUSA (a public relations, brand identity, and message marketing company) again this year for national media placement of print articles that raise awareness of enrolled agents as America’s tax experts. We will increase our output to eight articles for national distribution, as opposed to the four articles we released last year. The articles planned are:

- How to Choose a Tax Preparer
- Questions to Ask Your Tax Preparer
- How to Recognize and Avoid Taxpayer Identity Theft Scams
- What Can I Do to Save on this Year’s Taxes?
- Six Common Misconceptions about Filing Taxes
- Disaster Loss
- Five Items to Bring when You See Your Tax Preparer
- Filing Extensions without Penalties and Interest

We are currently in the process of writing and fact checking the articles, which will be distributed now through tax season.

**Goal Area II: Advocacy**

**NAEA is recognized as the voice of enrolled agents and advocates for the profession.**

**Strategic Objectives:**

- Increase NAEA’s influence in tax administration and tax policy
- Influence federal oversight of paid return preparers
- Advocate for codification of the enrolled agent credential
- Grow NAEA’s PAC

IRS continues to move towards closure on the legal challenge against its return preparer oversight program. Oral arguments on the agency’s appeal of a January 18, 2013 District of Columbia Circuit Court decision in *Loving v. IRS* occurred on September 24. I am not convinced there will be a decision favorable to IRS.

Jeff Trinca, NAEA’s legislative counsel, and Bob Kerr have been making the rounds on the Hill and talking with the offices of House Ways and Means members regarding the EA Credential
Protection Act. Support of HR 2313 has tilted towards Democrats, so the initial effort (Lynn Jenkins (R-KS), Dave Reichert (R-WA), Tom Reed (R-NY), Diane Black (R-TN), Todd Young (R-IN), and Pat Tiberi (R-OH)) is focused on Republican members we believe might be amenable to cosponsoring the bill. Following many of these meetings, Bob reached out to individual NAEA members who are constituents with a request to contact the tax legislative assistant and speak in favor of the bill.

In addition to work related to return preparer oversight and the association’s main legislative goal (the EA Credential Act), our government relations team has been assisting members with ad hoc tax administration issues (particular kudos to Justin Edwards for his efforts assisting those with renewal troubles) and keeping members abreast of major tax administration developments. When IRS issued Revenue Ruling 2013-17, which provided guidance on the Supreme Court’s June ruling in United States v. Windsor, we sent multiple Facebook updates, a news update to NAEA’s website, and worked with Gigi Thompson Jarvis to send an e-mail message to all members. Further, when the federal government shut down on October 1, we updated the membership in a timely fashion and provided details in the weekly E@lert.

As part of our longstanding partnership with IRS, NAEA once again participated in the IRS Nationwide Tax Forums. We are grateful to Karen Brosi, EA; Frank Degen, EA, USTCP; and Claudia Hill, EA, whose performances served as a role model for all tax professionals. As always, they taught one prep course (filing late returns) and one controversy course (substitutes for return) and leveraged the controversy course to drive home the difference between those with limited representation privileges and those whose practice before the Service is unlimited.

NAEA PAC continues to grow because of ongoing member support and significant efforts of our PAC Steering Committee. Between April 1 and October 7, 299 members have contributed $42,945, or 90 percent of the PAC’s current year goal ($47,500). This compares favorably with 185 contributors and 84 percent of the goal last year at this time. The PAC Steering Committee plans once again to issue a matching challenge at the November board meeting. I hope this challenge pushes the PAC revenue above our ambitious goal.

Bob, as PAC Treasurer, has attended fundraisers for three congressional tax writers. He attended events with Representatives Jim Renacci (R-OH) and Jim Gerlach (R-PA), as well as with Senator Johnny Isakson (R-GA). At these events, Bob reminds tax writers and their staff members that enrolled agents are America’s tax professionals and weighs in on behalf of timely, clear decisions on the tax code, and on other interests enrolled agents have. The PAC Steering Committee’s biennial spend plan is well more than double the size of the prior plan, and they are pushing hard to execute the two-year plan.

The government relations team continues to provide one-on-one customer service to NAEA members. Dean Heyl, our state legislative counsel, has been providing timely, useful advice on state legislative and regulatory issues, particularly with respect to a Chicago effort to exclude enrolled agents from a business license requirement (in line with attorneys and certified public accountants) and with respect to New Jersey restrictions on state estate tax preparation.

(continued on next page)
Goal Area III: Education
NAEA will offer professional education.

Strategic Objectives:
- Expand opportunities for representation education for members
- Offer programs to help tax professionals become enrolled agents
- Offer tax preparation education and practice management to members
- Develop educational resources for state affiliates

NTPI Orlando
Preparing for NTPI Orlando has been a challenge for the staff. Unfortunately, NAEA found out shortly before the August meeting that the Hilton Orlando double-booked the meeting space and could no longer accommodate the contracted program. After a trip to Orlando, multiple phone calls, and negotiations, a contract was signed with the Hilton Bonnet Creek. The original Hilton made a number of concessions due to this major disturbance for members and staff including two complimentary receptions. In addition, the Hilton Orlando called each guest and seamlessly transferred the hotel reservation to the new property. Thanks to the prompt staff response and board support, NAEA has averted a disaster in much the same way as the November 2012 meeting (Hurricane Sandy).

Registrations for NTPI Orlando arrived slowly. The pace in which the registrations arrived is possibly due to the limited marketing while wading through the hotels’ turmoil. Please note the marketing became very aggressive once the new hotel contract was signed. In an effort to amp the attendance, a postcard was sent to 5,500 enrolled agent prospects in Florida, and the surrounding states and bulk emails were distributed to the entire PTIN list.

Another possible factor for the low attendance could be the frequency in which NAEA offered NTPI in 2013: May held in DC; August held in Las Vegas; and November held in Orlando. In addition to attending class in-person, members can complete Level 1 online. Careful consideration will need to be taken in planning the educational offerings for the 2014 calendar year. While the 2014 Orlando hotel contract contains space allocated for all three levels, the contract is written in such a way that there is considerable flexibility. We continue to evaluate the feasibility of dual NTPI sites (Eastern and Western US) for the future.

Level 1 Online
Level 1 has been available online since the fall of 2011 and the program has grown incrementally. Over 135 people completed Level 1 online in fiscal year 2013–2014 as compared to 99 people in fiscal year 2012–2013. Because the online courses are not particularly user-friendly and have not been compatible with various browsers, a new vendor, Comm Partners, was selected in the summer of 2013. The newly recorded lessons are in the final stages of editing and will be available in early November.

SEE
NAEA has worked with Gleim to create a special discounted price for 2013’s final session of the SEE program. Individuals received a $50 discount towards their registration when they signed up. Member rate is $299 per part and $345 per part for non-members. In addition to Gleim’s generous discount, Gleim marketed on behalf of NAEA by sending an email to 300,000 non-EA PTIN holders regarding the SEE program, NAEA membership benefits, and how to become an associate at a discounted rate! As of October 1, there were 35 people attending the final session.
Goal Area IV: Member and Affiliate Services
NAEA will provide meaningful member benefits and support its affiliates.

Strategic Objectives:
- Increase the number of members
- Serve as a resource for state affiliates to enhance their governance efforts and member services
- Demonstrate exceptional customer service to members and affiliates
- Continually increase the value of membership

As of October 3, 2013, NAEA had 11,547 total members. Specifically, there were 10,853 enrolled agent members, 53 emeritus members, 602 associate members, and 39 academic associate members. From July 1, 2013 to October 3, 2013, NAEA has brought in 423 new members, which falls short of last year’s 497 new members for the same period.

Since we moved to a rolling renewal system, we continue to see a reduction in the number of members who need to renew in June. This year, 61 percent of NAEA’s membership was scheduled to renew in the month of June. As of September 16, 2013, there were 857 members (11 percent of NAEA’s membership) terminated because they did not renew their membership. Of the 11 percent who did not renew, we know that five percent did not renew because they retired or resigned, and three percent passed away.

NAEA continues to reach out personally to members whose membership is nearing expiration by phone or email. In addition, a personalized note appears on the side of E@lert for the recipient whose membership is nearing termination. The note indicates that their benefits will be interrupted and this seems to be effective in alerting members.

In September, NAEA sent almost 30,000 brochures to non-member enrolled agents. The brochures present NAEA’s organization professionally, and clearly outlines the value of membership. Plans are also underway to reach out to non-member enrolled agents with reminders about IRS’ CE requirements and EA renewal process, and will extend a special invitation to join NAEA.

Goal Area V: Organizational and Financial Security
NAEA will be organizationally stable and financially sound.

Strategic Objectives:
- Maintain sound organizational infrastructure and financial administration
- Increase and maintain adequate reserves
- Increase non-dues revenue
- Expand the use of technology to improve NAEA’s effectiveness

The association continues its strong financial position in August 2013. Year to Date (YTD) net income before depreciation and unrealized gain from investments was $336,018, yielding a favorable variance of $65,246 as compared to the original YTD budget of $270,772. Combined YTD net income of $327,711 has a favorable variance of $71,105 as compared to the original YTD budget of $256,606. The combined net income for YTD August 2013 versus August 2012 reflects an improvement of approximately $128,513. It is important to note that the August 31, 2013 financial statements are subject to additional adjustments based on the timing of their release and any unforeseen accruals prior to the audit.
The finance department has received the annual audit for the year ending June 30, 2013. Our audit firm, UHY, LLP, completed the year-end audit and has issued an unqualified opinion (clean report). This is due to the continued effort of staff oversight and management in keeping with the strong internal controls set by the accounting department. In addition, the accounting department continues to prepare over 90 percent of the client work-papers to assist in the proficiency of the audit and the credibility of the organization's scope of work. All of NAEA staff can be commended for their role in another successful audit.

Technology has been identified as a short term as well as long term strategic goal of the organization. The member only Forum initiative is actively used by the membership. Positive and constructive feedback continues be the catalyst for the future success and improvements of the Forums. Thanks to all the dedicated members who have contributed to the success of the valued member benefit. With respect to the WebBoard, it was the original intent of the organization to migrate the tax related information over to the Forums to allow for a dynamic and interactive experience for the members. Staff went to great lengths to transition the WebBoard information into the Forums. In the end, we found out the conversion process was unsuccessful. The programming code used in the WebBoard was incompatible with the new Forum format. As an alternative, NAEA decided in the best interest of keeping the information for historical purposes, to provide a "read only" option, which allows member access to the WebBoard, but not allow interactive posting. As a convenience and resource to the members, NAEA will maintain the WebBoard until the end of April 2014. The next six months will provide an opportunity to evaluate usage of the top information on the WebBoard. We will continue to entertain positive and constructive feedback so we may provide a quality member benefit.

Based on the recommendations of the Office Relocation Task Force, I am proud to say we have finalized negotiations on the lease for the 1730 Rhode Island property. By the time you read this, I anticipate the lease to have been fully executed. Since the August meeting, staff has also reviewed and finalized the layout of the space and have been actively involved in its design.

In conclusion, I am looking forward to the exciting endeavors that 2014 will bring to NAEA. We are transitioning and turning a corner with a new database, new office, programmatic growth, and financial stability. I could not possibly lead this organization without the dedicated staff, leaders, and volunteers. I am grateful for those who positively shape the future of NAEA. And as always, members are welcome to come to the national office anytime, but we are particularly eager to show the new space next year. So, I hope you will stop by to say “hello” if you are passing through DC.
TO: NAEA Board of Directors  
FROM: Chair Linda Ward, EA  
SUBJECT: Affiliate Council Report  
DATE: November 9, 2013  

MEMBERS:  
Mel Brodie, EA; Lee Byrd, EA; Melissa Longmuir, EA; Bill Nemeth, EA; Samantha Stewart, EA; Linda Ward, EA (Chair)  

CHARGES:  
- Continue the collaboration of NAEA & affiliate membership growth initiatives, including the Affiliate Membership challenge.  
- Provide counsel and assistance to the NAEA membership department to increase the members’ appreciation of the value of NAEA membership.  
- Continue providing information to affiliate leadership via monthly conference calls.  
- Offer strategies to improve the effectiveness of struggling affiliates.  

STATUS:  
The Affiliate Council continues to focus on strategies to achieve the charges above and to deepen the relationship between the national office and state affiliates. The Council meets by conference call monthly and exchanges frequent email in order to coordinate activities for the affiliates. Each Council member contacts their respective state affiliates via emails or phone to assist with any issues the affiliate may have. The Council member encourages each state affiliate to be proactive with their members and to get involved on the national level. The Council has made a special effort to encourage affiliate leaders to attend the November APEX meeting and participate in the monthly conference calls.  

On average, fifty-five state leaders participate in the monthly affiliate leadership conference calls. These calls provide information about NAEA programs and resources available to help affiliates govern more effectively and to increase the overall value of membership. Bill Nemeth, EA, provides a written re-cap of the discussion, and state leaders can also re-play the conference for up to thirty days after the call.  

At the National Conference in August, thirty state affiliate leaders (led by Linda Ward, EA) ran the registration desk and welcomed over 750 people to the event. The Affiliate Council sees this specific volunteer effort as a great opportunity for state leaders to meet members and build a local connection at a national venue.  

In May 2013, the Affiliate Council announced the Affiliate Challenge and provided the application form. Submissions are due by January 31, 2014, and winners will be announced at the installation dinner in May. The Challenge
focuses on the five strategic goal areas (public awareness, advocacy, education, membership and governance), and the Council is actively encouraging all affiliates to apply.

As part of the Affiliate Council’s work, all of the resources in the affiliate section of the NAEA website have been reviewed and many updated. In addition, the listing of state affiliates has been revised to show all of the Board of Directors for each state. As the Council creates and posts materials to assist state affiliate leaders, our focus shifts to making certain that state leaders know about the resources available.

Nominations for the 2014–2015 Affiliate Council are due before the end of the calendar year. While the Affiliate Council serves at the pleasure and direction of the NAEA President and Board of Directors, the Council is different from other committees in that the state affiliate presidents elect the Council members. There are six positions on the Council, and three turn over each year. This continuity helps keep the Council work consistent and moving forward. Any member can nominate someone to serve on the Affiliate Council, and the member must then complete a questionnaire. In January, state affiliate presidents receive information on all candidates and then cast votes to elect three new Council members. Linda Ward, EA, (Chair); Mel Brodie, EA; and Bill Nemeth, EA, will be completing their second term on the Council. Lee Byrd, EA; Melissa Longmuir, EA; and Samantha Stewart, EA, will begin their second year in May, 2014. A complete history of the Council’s guidelines and reports to the board is available in the Affiliate Resources section of the NAEA website.

**ACTION NEEDED:** None.
TO: NAEA Board of Directors  
FROM: Chair Alan Pinck, EA  
SUBJECT: Education Committee Report  
DATE: November 9, 2013

2013–2014 EDUCATION COMMITTEE:

Geri Bowman, EA, CPA, USTCP; Caryle Breeden, EA; Alan Pinck, EA (Chair); Aaron Whitaker, EA

CHARGES:

- Review all NAEA educational programming to ensure a high level of quality, consistency, and cost effectiveness.
- Coordinate the efforts of education subcommittees to maximize resources and maintain efficiency.
- Consider NAEA and/or affiliate educational programming opportunities related to other tax professionals.
- Continue ongoing evaluations of online educational programs done to augment in-person education and presentations-in-a-box developed for use by the state affiliates and advise the board, as needed, of the committee’s evaluations.
- Refer to the Education Committee SOP for more information on the process.

STATUS:

This report includes updates from the Education Committee, as well as, the NTPI, Tax Prep/Practice Management and SEE Prep Subcommittees and includes the following NAEA educational programs:

- NTPI
- Tax Preparation Issues
- Graduate Level in Representation at the National Conference
- Level 1 Online
- SEE Prep Online
- EA Journal CE
- Presentations-in-a-Box

The Education Committee is responsible for setting the tone and overseeing all NAEA education. The committee is revamping the Presentations-in-a-Box program in order to provide updated information and variety in the programs for
affiliates. Currently five new programs are under review. They include:

- Disaster - Judy Akin, EA
- Investing Around the Globe - William Rogers, EA
- Ethics - Rose Hablitzel, EA
- Cyber Security - Kathy Hubbard, EA
- Decedent's Final and Fiduciary Returns - Kathy Hubbard, EA

In addition, a call for presentations was recently released. More submissions are expected. The committee is also considering the request from APEX to develop a speaker’s bureau resource. Several concerns will need to be worked out prior to rolling out the listing. Is NAEA endorsing the speakers? Should speaker rates be included? Will there be an application process? Education Chair Alan Pinck, EA, will speak with APEX at the November meeting to determine what would be most useful. The committee is reviewing the NTPI Fellow designation to offer some guidelines for usage and potentially develop a logo.

2013–2014 NTPI PLANNING SUBCOMMITTEE:

Geri Bowman, EA, CPA, USTCP (Chair); Cathy Clow, EA; John Kristianson, EA; Ann Kummer, EA, CPA; Karen Summerhays, EA, USTCP

2013-2014 NTPI PLANNING SUBCOMMITTEE CHARGES:

- Plan educational programming for the 2013–2014 National Tax Practice Institute, including Levels 1, 2, 3 and Graduate Level tracks.
- Develop the “Call for Speakers” application, review submissions, and select speakers for all levels of NTPI programming. Make the application as simple as possible and indicate if prior NTPI speakers need to complete the full application.
- Seek to increase the pool of speakers for all levels including Level 2 discussion leaders.
- Provide peer review for materials submitted as class materials, looking at accuracy, thoroughness and cohesiveness to the NTPI program as a whole.
- Refer to the committee SOP for more information.

STATUS:

A special thank you to both the 2013 and 2014 NTPI Planning Committees for the great success of National Conference 2013. Reviewing hundreds of pages of text and many hours of planning conference calls kept this committee very busy! NAEA is grateful for such dedicated volunteers.

2013 Annual Conference registration was just a few paid registrants down from 2012. We have seen a large increase in Level 1 online registrants and both a spring and fall satellite programs are available this calendar year.

NTPI ORL currently has approximately 40 registrants in Level 1 and 80 in Level 2. ORL 2014 is currently contracted at the Hilton Orlando Bonnet Creek with enough space for all three levels of NTPI. The committee will provide a recommendation to the board regarding what levels to offer in 2014.
Planning for National Conference 2014 is also underway. All evaluations and attendee comments were reviewed with care. Director of Education Holli Jones Kimbrough worked with the Cosmopolitan of Las Vegas to secure more space. This will allow us a larger exhibit area that will comfortably accommodate breaks and networking.

All three levels of NTPI were carefully reviewed to update the program. The committee is working on including new speakers. Minor changes were made to Level 1. The case study and materials for Level 2 will likely be reworked. In addition, as we have received so much positive feedback regarding the breakouts, a new Level 3 course will be developed. Ted Sinars, JD, will offer a two or three hour course on Offers in Compromise with small group work.

As always the Graduate Level is being developed completely from scratch and is focused on advanced and timely topics. A list of potential courses is being discussed. Typically the Graduate Level is the last level to be completed. Due to Holli’s maternity leave, the standard planning schedule has been adjusted. Typically planning would start in mid-October, however this year planning started in early September. Weekly committee calls were held to review evaluations and speaker applications and discuss programming options. The committee will take a brief hiatus in November and will resume regular calls in early December. Contracts should be out by mid-January.

2013–2014 TAX PREP/PRACTICE MANAGEMENT SUBCOMMITTEE:

Clay Brown, EA; Serita Eldridge, EA (Chair); Amy King, EA; David Mellem, EA

2013-2014 TAX PREP/TAX MANAGEMENT SUBCOMMITTEE CHARGES:

- Based on evaluation and performance at the 2013 National Conference, plan educational programming for 2014 National Conference Tax Preparation Issues track.
- Develop call for speaker’s application, review submissions, and select speakers for the Tax Preparation Issues track.
- Provide peer review for materials submitted as class materials, looking at accuracy and thoroughness.
- Serve as subject matter experts for NAEA staff and the Education Committee.
- Research feasibility of conducting Tax Preparation Issues track at additional NAEA events.
- Refer to the committee’s SOP for more information.

The committee is currently at work on National Conference 2014 reviewing speaker evaluations and developing the Call for Speakers for 2014. This call will be released in November with a due date of early December. The standard committee planning scheduled has been adjusted to accommodate staff needs. Contracts will be out in mid-January.
2013-2014 SEE PROGRAM SUBCOMMITTEE:

Ann Esarco, EA (Chair); Janet Hemmerle, EA; Andy Stadler, EA

2013–2014 SEE PROGRAM SUBCOMMITTEE CHARGES:

- Review and monitor all NAEA SEE prep programs.
- Plan the SEE Review program and appoint instructors for the 2014 National Conference.
- Make recommendations with respect to SEE prep programs with the goal of maximizing the number of enrolled agents.
- Develop strategies and offer recommendations to specifically help the affiliates in developing programs with SEE preparation.
- Refer to the subcommittee’s SOP for more information on the process.

STATUS:

SEE education has been a challenge for the past few years. Unfortunately, the Las Vegas SEE program was cancelled due to low attendance. Extensive marketing for this program was done including a bulk email to the entire PTIN list. In addition, the online SEE program has been suffering. Numbers are down roughly 30 percent from last year. Please see the table below.

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Special attention has been paid to marketing. A raffle was held at the Tax Forums. Gleim sent an email to the entire PTIN list on NAEA’s behalf marketing our fourth session and NAEA has continued to market the program in our normal channels and by Google Ads. Unfortunately, the end result for all of these efforts were not favorable. While some of the downturn can be traced to the Loving vs. IRS, it may also be time to secure another, more affordable vendor for the online SEE prep program. The committee will accept proposals and meet with Fast Forward Academy and Exam Matrix to see if they might be a better fit for the NAEA member.

ACTION NEEDED: None.
TO: NAEA Board of Directors  
FROM: Chair Jean Nelsen, EA  
SUBJECT: Ethics and Professional Conduct Committee Report  
DATE: November 9, 2013

MEMBERS: Lynn Jacobs, EA; Doug Lee, EA; Jean Nelsen, EA (Chair); Charlotte Ogorek, EA; Ruth Rowlette EA, JD

CHARGES:
- Evaluate and process complaints against NAEA members in the manner prescribed in the current NAEA Code of Ethics and Rules of Professional Conduct.
- Monitor the Internal Revenue Bulletin (IRB) for publication of Office of Professional Responsibility (OPR) disciplinary action involving NAEA members.
- Recommend to the board of directors the action (if any) that NAEA should take if an NAEA member is listed in the IRB with a censure from OPR.
- Develop a plan to make the Code of Ethics and the Rules of Professional Conduct a positive resource for members.
- Make periodic reports to the board.
- Refer to the committee SOP for more information about this process.

STATUS: The committee conducted several conference calls and is working on efforts to achieve the committee charges.

1) *EA Journal* articles have been discussed and several are in the developmental stages. To date, six articles are being developed. This activity is consistent with fourth bullet point regarding framing ethics training as a resource.

2) The committee is developing an investigator training manual to ensure that NAEA has trained investigators. Once this manual is finalized and reviewed by the board, the document will be used to train future ethics investigators as well as used as a tool for ethics training. In addition, the investigator manual could also be a tool for affiliates.

ACTION NEEDED: None.
TO: NAEA Board of Directors  
FROM: Chair Gary Anspach, EA  
SUBJECT: Government Relations Committee (GRC) Report  
DATE: November 9, 2013

MEMBERS:
Gary Anspach, EA (Chair); Susan Bladorn, EA; Kathy Brown, EA;  
Stephen DeFilippis, EA; Evan Golar, EA; Claudia Hill, EA (Special Advisor);  
Kathy Hubbard, EA; Jennifer MacMillan, EA; David Miles, EA;  
Richard Reedman, EA; Jeff Schneider, EA; Liz Zitzow, EA

CHARGE:
Provide technical and practical counsel on legislative, regulatory and tax  
administration issues to the Senior Director, Government Relations and the NAEA  
Board of Directors.

STATUS:
Since the date of our last report, the committee chair and NAEA’s Senior Director,  
Government Relations Bob Kerr have conversed nearly daily and the chair has  
provided tactical input to a variety of emerging issues, including: proposed changes  
to Forms 2848 and 8821, post-Windsor guidance, and CP-2000 notices.

Most recently, the GRC chair and Bob worked to draft a timely letter to IRS Acting  
Commissioner Werfel for NAEA President Betsey Buckingham’s signature. The  
letter stressed the tremendous utility of disclosure authorization and suggested the  
agency’s post-shutdown plans to resume operations must consider level of service  
to practitioners and taxpayers.

The GRC provided input on a few issues, including a GAO study and IRS’ decision  
to change its operation plans for the 2014 filing season.

We reached out to the committee for the members’ thoughts on a potential e-filing  
mandate for partnership and S-corporation returns. GAO wanted the practitioner  
perspective as part of cost/benefit estimates it was providing Senate Finance  
Committee in support of the committee’s tax reform efforts.

In mid-September, senior level W&I executives outlined to stakeholder groups  
tentative plans to curtail service during the 2014 filing season. They asked for input  
on the plans and Bob polled the committee for specific feedback, of which he  
received plenty. He wrote an informal memorandum to the executives, which he  
shared with the GRC and with the board.

ACTION NEEDED: None.
The third quarter of 2013 began with high hopes and great expectations, and yet we found ourselves at the mercy of a good month and a half of debt ceiling and government funding arguments that became obstacles for our advocacy efforts.

We continued work on securing sponsors for the EA Protection Act (both Mr. Boustany’s bill, H.R. 2313 and Mr. Portman’s bill, S. 1134) and monitoring tax reform progress in the tax writing committees (House Ways and Means and Senate Finance). During the latter part of this quarter, and after much public soul searching that made it difficult to talk about any other topic, Congress failed to fund the government past September 30. The resulting impasse netted us a 16-day government shutdown, closing as I write this report. Federal agencies executed their emergency shutdown plans and, similarly, Members of Congress worked through the shutdown with only what they deemed to be “essential” staff.

As IRS operated with a skeleton crew of “essential” employees, we closely followed the budget debate and the many failed bills considered in both chambers. Early on in the budget fight, many insiders believed tax reform would be part of the final legislative package. The deal would have included an outline and schedule for tax reform coupled with funding and a debt ceiling compromise. We were hopeful for a variety of reasons—our belief that tax reform is long overdue and our belief that the path to the EA credential protection provision becoming law most likely leads through a much larger tax bill. We reported on the various machinations and reached out to key tax staffers so we’d be ready if one of the tax reform scenarios came to pass. While tax reform ultimately was not part of the government funding/debt ceiling punt, tax writing committee chairmen and their respective staffs continue to work on tax reform and hope to have something to show to the public in the later fall.

Prior to the shutdown, the government relations team began a new push on the Hill, meeting with offices on the EA Protection Act. We met with a number of important Republican Ways and Means Members staffers (to name a few: Jenkins; Reichert; T. Reed; Renacci; Black; Tiberi; and Young), asking for their bosses’ support. We provided them with our white paper on the bill and explained the benefits for our members. While we focused on Republicans for this round of meetings, we will turn our focus to meeting with top tax writing committee Democrats as well as the remainder of the Republicans.
After our meetings, we followed up with targeted grassroots contacts, many of whom had attended one of NAEA’s Fly-In Days, engaging local EAs. We asked specific EAs who resided in districts of Members with whom we had we met to reach out to their Members of Congress and do two things: 1) voice their support for the EA Protection Act; and, 2) ask the Member to sign on as a cosponsor. The follow-up from constituents is important and gives the Members extra incentive to cosponsor the legislation. And, as an aside, the association’s annual Fly-In Day is providing us with EAs who are comfortable contacting a legislator’s office.

Currently we are at six cosponsors for the House bill, an increase from last quarter. Further, we believe that a number of offices we met with were moving to cosponsor before the shutdown and we will swing back around with these offices once staffing is back to normal. The Senate bill has been more difficult to secure sponsors; however we have been working with Senator Portman’s staff and will likely draft a “Dear Colleague” letter from the Senator asking his colleagues to sign onto the bill.

As we move into the fall and winter, we anticipate more meetings at Ways and Means and Finance. Additionally, we anticipate a discussion draft from Finance on tax administration that we anticipate being part of the debate.
TO: NAEA Board of Directors
FROM: Chair Rose Hablitzel, EA
SUBJECT: PAC Steering Committee Report
DATE: November 9, 2013

MEMBERS: Bill Farmer, EA; Vicki Ferrantello, EA; Rose Hablitzel, EA (Chair); Errol Quinn, EA; Andy Stadler, EA

CHARGE: Promote NAEA PAC and encourage contributions from the general membership in order to support federal officeholders who support policies favorable to enrolled agents.

STATUS: Since the date of our last report, NAEA PAC raised $11,710 from 106 contributors (86 of whom are new). In the same time period last year, the PAC raised $9,804 from 79 contributors (71 of whom were new). Year-over-year, we have seen a 19.4 percent increase in contributions and a 34.2 percent increase in the number of contributors.

The PAC continues to set new records, including a record fundraising pace. We have reported the details of the PAC’s progress in the table below. The table presents data from the current PAC year to the date of this report was written (April 1, 2013–October 15, 2013), and data from last year from the same time period unless otherwise specified.

<table>
<thead>
<tr>
<th></th>
<th>2013–2014 PAC Year</th>
<th>2012–2013 PAC Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total contributions</td>
<td>$42,970</td>
<td>$29,426</td>
</tr>
<tr>
<td>PAC year end goal</td>
<td>$47,500</td>
<td>$35,000</td>
</tr>
<tr>
<td>Contributions as % of annual goal</td>
<td>91%</td>
<td>84%</td>
</tr>
<tr>
<td>Total contributions at PAC year end</td>
<td>TBD</td>
<td>$46,453 (March 31, 2013)</td>
</tr>
<tr>
<td>Total number of contributors</td>
<td>300</td>
<td>178</td>
</tr>
<tr>
<td>Year-over-year increase</td>
<td>69%</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of club level contributors</td>
<td>210</td>
<td>121</td>
</tr>
<tr>
<td>Total club level contributors as a % of total contributors</td>
<td>70%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Interestingly, the average contribution for the 2013–2014 PAC year is almost $136. The average contribution reported in the last PAC Steering Committee board report was $151. In that report, the steering committee predicted this average would decrease if members continued a trend of making small
contributions (in the $5 to $10 range) at state affiliate meetings. The PAC is encouraging members to contribute larger amounts during their state affiliate meetings in an effort to raise the average contribution (and to make sure our administrative costs do not exceed the contributions themselves).

The PAC Steering Committee has held two conference calls since the NAEA board meeting in August. Calls have included conversations about the Third Annual NAEA PAC Club Level Reception that was held at the Cosmopolitan in Las Vegas on August 5th (which brought in $8,733 in contributions from 71 contributors); adjusting the spend plan after Sen. Max Baucus (D-MT) made his retirement announcement; and, regrouping state affiliates into thirds to encourage PAC participation and competition among the smaller states.

In addition, PAC Treasurer Bob Kerr attended numerous fundraising events since the date of our last report. Bob attended events for House Ways and Means Committee members Erik Paulsen (R-MN), Adrian Smith (R-NE), Jim Gerlach (R-PA), Jim Renacci (R-OH), and Xavier Becerra (D-CA). He also attended events for Senate Finance Committee members Rob Portman (R-OH), Mike Enzi (R-WY), and Johnny Isakson (R-GA).

**ACTION NEEDED:** None.
TO: NAEA Board of Directors  
FROM: Chair Cynthia Jeanguenat, EA  
SUBJECT: Public Relations Committee Report  
DATE: November 9, 2013

MEMBERS: Cynthia Jeanguenat, EA (Chair); Steve DeFilippis, EA; Sandra Martin, EA; Twila Midwood, EA; Kathy Rocha, EA

CHARGES:
- Develop strategies to enable NAEA members to fully appreciate and celebrate their status as “America’s Tax Experts.”
- Increase the public awareness of enrolled agents as “America’s Tax Experts;”
- Strive to have the phrase “enrolled agent” listed in Webster’s (and other publishers) print and online dictionaries.
- Serve as subject matter experts for NAEA news releases.
- Provide content for client newsletters to be published on the NAEA website for member use.
- Assist the affiliates in their efforts to raise their media profile.
- Review and recommend changes to the NAEA website (the home of “America’s Tax Experts”) to increase its usefulness to NAEA members, the public, and the media.
- Develop strategic alliances with national and local media (radio, TV, print);
- Promote career awareness of the enrolled agent profession among high schools and community colleges by partnering with state affiliates and/or national associations aligned with those institutions.
- Refer to the committee SOP for more information about the process.

STATUS:
The committee has posted a summer 2013 Client Newsletter, “Top 10 Reasons to Contact Your EA,” and a fall Client Newsletter, “Focus on the Affordable Care Act.” Both of these newsletters are available online for member use in the promotion of the EA designation and the members’ practices. The committee also lent its expertise to a press release on the ACA aimed at business owners.

In response to our charge to promote awareness of a career as an enrolled agent, the committee wrote a lively brochure aimed specifically at college students. The brochure outlines the advantages of getting the EA license, how to go about becoming an EA, and the career options for EAs. The brochure goes on to promote the Academic Associate membership and has a QR code that students
can scan with their phones that will take them to the Academic Associate page of the NAEA website. Brochures will be made available to members of Beta Alpha Psi, a college honor society for financial information professionals, through a link on its website and at regional and national conferences. In order to encourage follow up for NAEA’s efforts on the college level, NAEA put out a call for members who have an existing relationship with an institute of higher learning to contact NAEA PR. A list is being kept so that volunteers can be apprised whenever the committee executes a project designed to reach college student and follow up on the effort.

In addition, the committee decided that NAEA should create an easy-to-find designated area on the website where members could locate all of the resources NAEA has created to help members reach out to students who are potential EAs. The resources now exist in the Member Resources area of the website under the title “Promoting a Career as an EA.” It contains an EA fact sheet, the above-mentioned brochure, the “Career as an EA” PowerPoint, and the Academic Associate flyer and application.

We began inserting a “PR Committee Corner” in E@lert on occasion to highlight areas of importance in raising awareness of EAs. The first item encouraged members to reach out to mortgage brokers in their areas to educate them about EAs. The second item encouraged members to become more visible in their communities and provided links to the online instructions for getting onto the speakers circuit and the PowerPoint presentation available for member use. The committee instigated several letters to companies that were omitting EAs from information on tax specialists, and supplied updated tax information for the NewsUSA articles that will be distributed in the fall and winter.

The committee scheduled the annual open PR conference call for interested members for Thursday, December 5.

**ONGOING:**
- Providing technical expertise and background for news releases.
- Continuing to provide additional Client Newsletters for member use.
- Suggesting topics for inclusion in publications, as might be appropriate.
- Maintaining the dialogue with State Affiliates on their PR needs.
- Working closely with NAEA staff and members to maximize public relations activities.

**ACTION NEEDED:** None.
TO: NAEA Board of Directors  
FROM: Chair Faye Touchet, EA  
SUBJECT: Schuldiner/Smollan Memorial Fund Advisory Board Report  
DATE: November 9, 2013

MEMBERS: Wes Parker, EA; Don Rosenberg, EA; Faye Touchet, EA (Chair)

CHARGES:

- Provide oversight of the Leadership Academy (LA). Oversight will be primarily focused on developing evaluative criteria for the program.
- Provide input and feedback to the staff liaison as staff develops an annual operating plan for the LA.
- Focus on the funding portion of the LA annual operating plan (subject to NAEA Board approval) that will be comprised of NAEA operating funds, corporate support, Schuldiner/Smollan Memorial Fund (SSMF) investment income, and, if necessary, corpus of the SSMF.
- Collaborate with the NAEA Audit Committee to review investment strategies for the corpus of the SSMF.
- Consider strategies to replenish the SSMF to perpetuate funding for organizational growth.
- Develop strategies to heighten the profile of the LA and to elevate the stature of the program.
- Make periodic reports and other recommendations to the Board the Advisory Board (AB) deems appropriate.

STATUS:

The Advisory Board and staff liaison, Mike Nelson, CAE, held a couple of conference calls to review evaluations of Schuldiner/Smollan Leadership Academy (SSLA) held in Chicago during the summer and to get an update on the Leadership Academy to be held in Orlando in conjunction with the board meeting. We have had brief discussions about the scheduling of Leadership Academies in 2014.

Promotion of the Leadership Academy continues to be made during the monthly affiliate conference calls.

Sherrill Trovato, EA, USTCP; Sam Matlick, CAE; and Mike Nelson, CAE, have been the facilitators of the Leadership Academies since its inception. Mike has been planning to add to the cadre of facilitators; to that end, Terry Durkin, EA, assisted with the Leadership Academy in Chicago, and will again assist in Orlando.

ACTION NEEDED: None.
TO: NAEA Board of Directors  
FROM: Chair Rich Rhodes, EA  
SUBJECT: Young Professionals Task Force  
DATE: November 9, 2013

MEMBERS:  
Chelsey Forseth, EA; Michelle McBride, EA; Marie Poole, EA;  
Angela Radic, EA; Rich Rhodes, EA (Chair)

CHARGES:  
• Reach out to young professionals who are not members of NAEA.  
• Encourage more young professionals to become members of NAEA.  
• Embrace young professionals and to utilize their specific skills.  
• Meet their specific needs for education and professional development.

STATUS:  
The Young Professional Task Force has met almost weekly by conference call (and video conference) since the August meeting to discuss how NAEA and the state affiliates relate to young professionals. Based on the working definition established in the charge and scope of work, a young professional is defined as an EA under forty years of age, or within five years of earning the EA license. Individuals who meet these criteria may have different needs than the majority of NAEA’s membership base, and in order to be competitive and relevant, NAEA must welcome these EAs and address their needs.

The task force considered many aspects of the relationship between NAEA and the state affiliates and young professionals, including first online impressions, first in-person impressions, educational needs, and practice management needs. The group also reviewed reports from prior Young Professional Task Force groups, NAEA materials, work from other committees and shared their personal experiences. As a result of their discussions and recognition of the complexity, breadth and importance of this segment of the EA population, the task force recommends that NAEA continue the work of the Young Professional Task Force as a committee, with members serving multi-year terms in order to provide continuity for the group’s work. In addition, the task force asks that the NAEA president continues to support young professionals by reviewing charges for all committees from the perspective of a young professional and by considering younger professionals as members on all committees. We understand that since this report is being made in November, this work would most likely be done by the current president-elect for the upcoming governance year.
The task force looked at specific and tangible resources that the group could create or modify to help NAEA and state leaders attract, welcome, and keep younger members. As part of this work, the task force reviewed all state affiliate websites and is creating a list of items an affiliate should include on state websites. In addition, the task force is writing a letter (or email message) which can be used by state affiliate leaders to welcome EAs to the state association or its events. To address the practice management needs of younger members, the task force is working on resources for a mentoring program as well as an internship program. The Young Professionals Task Force has also reached out to the Affiliate Council, and may ask for time at the May Affiliate Presidents Exchange (APEX) meeting to share resources with the state affiliate leaders.

**ACTION NEEDED:** None.