

May 2018 Board Book

Board of Directors Meeting

Friday, May 18, 2018
8:00 AM – 12:30 PM

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BOARD OF DIRECTORS MEETING AGENDA

Friday, May 18, 2018
8:00 AM – 12:30 PM

Hyatt Regency Crystal City
2799 Jefferson Davis Hwy
Arlington, VA 22202

		Approx. Time
I.	Call to Order Pledge of Allegiance Roll Call Welcome to Members, Guest, and Staff	15min
II.	President's Remarks	3min
III.	EVP Remarks	3min
IV.	Addition and Deletions to Agenda	3min
V.	Approval of Consent Agenda A. Approval of 2018-2019 Committee Chairs B. Approval of 2018-2019 Bank Account Signatures C. Approval of 2018-2019 Nominating Committee Members D. Approval of the 50 th Anniversary Task Force	5min
VI.	Special Order of Business A. Approval of Executive Committee B. Bylaws and Governance Committee Motions C. Finance Committee Motions D. Membership Committee Motion E. SSMF Motion	2 hours 40 min 10 min 60 min 60 min 20 min 10 min

- VII. New Business 5 min

- VIII. Good of the Order 25 min

- IX. Announcements
 - A. July 31, 2018 – Annual Meeting; Cosmopolitan Hotel, Las Vegas, NV
 - B. August 1, 2018 – SSLA Grad; Cosmopolitan Hotel, Las Vegas, NV
 - C. August 2, 2018 –Board of Directors Meeting; Cosmopolitan Hotel, Las Vegas, NV
 - D. November 10, 2018 – Board of Directors Meeting; Hilton Bonnet Creek, Orlando, FL
 - E. May 17, 2019 – Board of Directors Meeting; Hyatt Regency Crystal City, Arlington, VA

TO: NAEA Board of Directors
FROM: Robert Kerr, EA
SUBJECT: Executive Vice President Report
DATE: May 9, 2018

STATUS:

Strategic Plan: We will begin this report as I anticipate beginning all future reports, by reiterating the association's strategic plan goals:

1. Membership Growth and Development
2. Advocacy and Consumer Recognition of Enrolled Agents
3. Brand Recognition of the Association and Profession
4. Financial Stability

These goals guide the management, or I should say more appropriately, stewardship of our association.

Operations: Since I came on board on February 1, I have been assessing NAEA staff and operations and working closely with 2017-18 NAEA President Jim Adelman, EA to calibrate board expectations. I provided the board with weekly updates throughout the filing season and up until shortly before this board meeting.

On May 1, I announced staffing changes and a reorganization. Katrina Holland is promoted to Senior Director, Marketing Strategy and Operations. In this position, she will provide oversight to the Membership Department and the Marketing and Communications Department. She is also tasked with providing an information technology needs assessment. Cassandra Brown is promoted to Associate Director, Finance and Administration. Her portfolio remains the same; she leads our HR and general administrative efforts as well as collaborates with our financial consultant, Carolyn Skinner, CPA, CGMA to provide leadership and oversight of our finances. Within her department, Gloriel Rodriguez is promoted to Finance Support Specialist and will have a key role in providing F&A accounting and clerical support. DeAndre Thornton is promoted to Education and Meetings Coordinator, where he will provide full time support as we attempt to grow our education offerings and profitability. Finally, Kimberly Muse will take on a new role and broader role as Administrative Associate, providing assistance to both the EVP as well as some much-needed support for other departments.

As part of an overall operational review, I have asked Cassandra Brown to consider some long-standing vendor relationships, with an eye towards lowering costs and increasing quality of service. To that end, we have elected to change 401(k) providers to a firm that lowers total costs

meaningfully both for NAEA and for plan participants. We are also in conversations with a new banker/investment advisor and have had promising conversations to date. Further, we have brought our offsite rental, which was both inconvenient and unreliable, onsite. Finally, we have begun conversations with a commercial real estate rental consultancy. We have a significant amount of time remaining on our current lease, yet are exploring options. These efforts are a start and Cassandra has assured me she has her sights on several more contracts.

Meanwhile, Holli Jones Kimbrough has provided great meeting planning leadership. She negotiated, with our long-time site selection and contract negotiation partner, a three-year contract for the association's November meetings, a feat all the more impressive given that we were less than ten months away from the first of those three meetings. Both meetings will be at Hilton properties in Florida, 2018 at the Hilton Orlando Bonnet Creek and 2019 at the Hilton Fort Lauderdale Marina. As we head into these meetings, she has also concluded negotiations for our May 2019-20 meetings (which return to the Hyatt Regency Crystal City) is on the home stretch on negotiations for our August 2020-2022 meetings.

The GR team reported many of its accomplishments in the GR Committee and PAC Steering Committee reports; I encourage you to read both. Our GR efforts have been extraordinary. I am extremely proud of them and I hope our board is as well. Otherwise, Justin has been busy supporting a variety of state efforts. He worked with AICPA's state team to address an Arizona state bill oversight that would have struck the EA safe harbor on using the term "EA" (and, as he noted to our advantage, run afoul of our hard-earned PATH Act EA credential protection language). He worked with LSEA to draft letters improving bills designed to mirror 26 USC 6695(b) and 6695(c) and 26 USC 7407 (enjoining preparers who engage in prohibited conduct). Finally, and most significantly, he continues to work with the Nevada Society during its legal challenge against a new law that captures EAs under the definition of document preparation services. NSEA asked for assistance from NAEA's Legal Defense Fund and Justin helped them draft their request and presented it to NAEA's Executive Committee, which approved a significant distribution from the fund.

Much of the activity of both Membership and Marcom is in the appropriate committee reports. In addition to those reports, I note our EA Journal managing editor, Paula Posas, left in early March. I had the fortune to recall the *Journal's* former managing editor, Margaret Mitchell, as a contractor through the end of 2018. Her expertise provides us with space to determine the skill set we need to hire a new, full-time staffer to take on the ME responsibilities as well as other complimentary skills we need within the office.

Finances: Approximately six weeks after my arrival, the leadership team sat down to construct the fiscal year 2018-19 budget. I asked them to construct a budget based on the premise that this association must be focused on growth, which fits with our desire to be a viable, vibrant, relevant organization.

We must continue to focus on foundational issues: What do our members want? How do we anticipate those needs and provide quality, essential services? How do we make sure we make appropriate investments now—in staff, infrastructure, and programs—in order to stand in front of members and potential members two or three years hence with a compelling membership value proposition?

The budget we have reviewed at length with the Finance Committee (and I owe a debt of gratitude to the committee chair, Mike Fioritto, EA, CPA and to our Treasurer, Tim Dilworth, EA, CPA, both for their commitment and for their kindness) is a departure, to my knowledge, from budgets we've created in my tenure with the association. We asked difficult questions: have we overcorrected in past budgets; what does our new, more accurate financial system tell us; what investments must we make now in order to be strong and secure tomorrow?

We present this budget not without some trepidation. While we cannot grow through a continued focus on spending cuts, on downsizing, on trimming, asking the board to approve a budget that projects an excess of expenses over income is not something we do lightly.

The proposed budget projects total revenues of \$3.67 million and total expenses of \$3.84 million. Total expenses in FY18-19 are increased by approximately \$120k over current year projected. We also propose a dues increase, our first since we approved a \$15 increase at the November 2014 meeting.

The departmental breakdown below is net of S&B departmental apportionment in order to facilitate year-over-year comparison:

- When compared to our projected FYE June 30, 2018 results, which include EVP transition expenses, we reduce General & Administration expenses by \$75k. G&A is our largest budget component and the one that includes salaries and benefits, our largest single expense. We budgeted salary increases for promotions and for the open staff position (*EA Journal* managing editor).
- Education expenses are up by \$150k, which includes \$50k of investment in consultant reviews of *EA Journal* CE (IRS CE requirements have changed dramatically and *Journal* CE provides an important non-dues revenue stream) and a job task analysis and NTPI® credential exploration. That investment also covers software expenses to allow us to become more efficient in our peer review and speaker management as well for database upgrades. Speaking of NTPI®, our attendees—and vendors—have been asking for extended breaks. We increase breaks from 20 to 30 minutes and that change (plus a return to Bonnet Creek) drives up our food and beverage costs by some \$40k. On the revenue side, however, NTPI profit is projected at \$50k higher and the department is projected to bring in an additional \$80k in revenue year-over-year.

- Government Relations shows a net \$4k increase in expense, from \$214k to \$218k.
- The Board of Directors expense is up \$20k year over year, from \$172k to \$192k.
- Marcom expenses are up \$26k year over year. On the revenue side, we have projected a \$20k decrease in advertisement. The department is budgeted for an initiative to baseline EA awareness as well as for contract *EA Journal* managing editor costs. Another key investment is in a new *Journal* managing editor, for which we provide additional funding. The *EA Journal* is a source of untapped potential CE income and advertising; we want to improve its quality and use it as a lever to drive revenue and organizational prestige.
- Membership projects a stable membership size. We have found ourselves over the course of several years that we recruit nearly the same number of new or returning members as of departing members. We are interested in growing membership, of course, and the department is developing a number of strategies to that end. The membership size projection is admittedly conservative, and we may very well exceed revenues in this area. Membership expenses are projected to increase by \$67k, which includes \$40k in initiatives: a firm that calls lapsed members (helps us find lost members, understand why members choose not to renew); IRS NTF travel (underwrites two member leaders to carry a consistent, complete message to possible members); industry publication ads (raises our profile and draws advertisers); and database enhancements (supports recruitment activity). Critically, we also plan to address IT issues that have been dogging us. We are investing in a comprehensive business planning review, to understand how we could improve internal processes and workflow so we are well situated to seek appropriate IT solutions.

With respect to the dues increase, we traditionally propose an increase every three years—the wisdom of which is best left to another day. My experience is that this approach causes one very good year, one okay year, and one fairly poor year. Had we approved this dues increase in November, we would have produced a budget in which projected revenues exceeded projected expenses by approximately \$30k, on par with FY17-18 budgeted surplus.

The 2018-19 deficit is driven by a number of choices, a significant one is the timing of the dues increase. We should keep in mind that projected membership revenues in 2019-20 are over \$200k higher than the current year projection—and that's without factoring in possible growth from membership initiatives as well as possible revenue growth from any federally mandated minimum standards for return preparers (which should drive our SEE prep revenue). In sum, we should remember leaders and organizations are continuously tempted to privilege the now over the future. The paradox is if we fail to invest now, we do not build the future we want.

National Association of Enrolled Agents Proposed Budget June 30, 2019

	Budget FYE 6/30/2017	Actual FYE 6/30/2017	Budget FYE 6/30/2018	Projection FYE 6/30/2018	Proposed Budget FYE 6/30/2019	Proposed Budget FYE 6/30/2019	Projected Budget FYE 6/30/2018
Revenue							
Membership	\$ 2,489,463	\$ 2,301,776	\$ 2,408,750	\$ 2,288,867	\$ 2,350,321		
Marketing, Communication & PR	122,155	136,331	144,850	151,705	143,740		
Government Relations	5,800	10,318	8,450	7,300	7,200		
Education	1,116,640	1,214,689	1,150,743	1,045,045	1,126,344		
Investment Income	35,000	10,823	37,500	15,212	13,200		
Board of Directors	13,000	10,379	10,750	23,377	25,100		
Total Revenue	3,782,058	3,684,316	3,761,043	3,531,506	3,665,905		
Expenses						w/o S&B	w/o S&B
Membership	137,071	134,025	177,360	363,424	507,374	224,922	167,496.00
Marketing, Communication & PR	198,272	237,604	180,660	496,972	591,542	182,296	218,237.00
Government Relations	208,962	177,206	220,225	293,867	353,059	217,997	213,747.01
Education	530,409	450,780	581,614	624,758	904,650	591,230	443,478.00
General & Administration	2,496,150	2,243,586	2,441,702	1,728,035	1,192,057	2,431,890	2,504,138.71
Board of Directors	131,200	123,024	124,285	212,277	291,878	192,225	172,236.00
Total Expenses	3,702,064	3,366,225	3,725,846	3,719,333	3,840,560	3,840,560	3,719,332.72
Net Income before unrealized gain/loss	79,994	318,091	35,197	(187,827)	(174,655)		
Unrealized gain/loss	-	17,885	-	1,957	-		
Net Revenue	\$ 79,994	\$ 335,976	\$ 35,197	\$ (185,870)	\$ (174,655)		

Membership

Proposed Budget June 30, 2019

	Budget FYE 6/30/2017	Actual FYE 6/30/2017	Budget FYE 6/30/2018	Projection FYE 6/30/2018	Proposed Budget FYE 6/30/2019
Revenue					
Membership Dues	\$ 2,400,213	\$ 2,209,474	\$ 2,328,250	\$ 2,215,200	\$ 2,274,821
Initiation Fees	9,900	9,566	7,500	9,339	10,000
Sponsorship	12,000	8,000	-	-	-
Royalties	48,725	62,287	66,000	61,328	62,300
Store Sales	10,000	5,352	6,500	3,000	3,200
Other Income	8,625	7,097	500	-	-
Total Revenues	2,489,463	2,301,776	2,408,750	2,288,867	2,350,321
Expenses					
Salaries and Benefits	-	-	-	195,928	282,452
Temporary Help	-	4,249	-	-	-
Telephone	1,400	10,173	-	-	-
Equipment Rental/ Maintenance	-	-	-	113	-
Office Supplies	1,020	3,090	500	500	500
Technology	8,650	1,320	14,150	10,500	17,000
Promotion	-	-	1,500	1,540	8,300
Travel	22,500	21,279	20,100	20,100	40,217
Food & Beverage	39,625	22,384	42,430	35,000	38,675
Meeting AV	5,500	2,971	7,250	6,500	8,550
Voucher write-off	-	70	-	-	-
Program Expense	500	2,065	18,900	18,900	30,880
Awards	1,800	1,684	-	-	-
Printing	27,755	37,498	-	-	-
Postage	18,746	13,101	-	-	-
Production	1,500	4,991	4,730	4,730	5,000
Shipping	3,500	6,210	7,000	7,000	8,500
Mailing House	-	-	49,500	49,500	52,000
Designer	4,575	2,936	11,300	11,300	11,800
Editing & Copywriting	-	-	-	1,738	3,500
Misc expense	-	4	-	75	-
Total Expenses	137,071	134,025	177,360	363,424	507,374
Net Revenue	\$ 2,352,392	\$ 2,167,751	\$ 2,231,390	\$ 1,925,443	\$ 1,842,947

Marketing, Communications & Public Relations

Proposed Budget June 30, 2019

	Budget FYE 6/30/2017	Actual FYE 6/30/2017	Budget FYE 6/30/2018	Projection FYE 6/30/2018	Proposed Budget FYE 6/30/2019
Revenue					
Contributions	\$ -	\$ 7,538	\$ -	\$ 2,028	\$ 1,500
Sponsorship	36,525	3,000	-	-	-
Advertising	85,200	125,686	144,850	144,850	125,000
Mailing Lists	-	-	-	4,627	17,240
Other Income	430	107	-	200	-
Total Revenues	122,155	136,331	144,850	151,705	143,740
Expenses					
Salaries and Benefits	-	-	-	278,735	409,246
Staff appreciation	-	-	-	-	550
Temp help	-	80	-	-	-
Staff Development	-	-	-	36	2,485
Telephone	400	630	-	-	-
Office Supplies	-	109	-	137	200
Techonolgy	2,500	-	-	-	-
Software Subscriptions	-	-	-	-	720
Consultant	-	33,611	2,700	11,051	27,224
Dues & Subscriptions	3,672	4,007	8,750	8,750	8,401
Advertising Expense	-	-	-	4,250	-
Promotion	25,500	4,773	7,500	7,500	9,000
Travel	6,750	5,227	4,300	4,300	2,850
Food & Beverage	-	204	-	6,694	750
Meeting AV	-	-	-	450	-
Trade Show Expense	-	-	-	652	-
Program Expense	20,600	8,108	10,000	10,000	15,000
Awards	-	219	500	500	-
Printing	66,000	71,768	67,900	67,900	44,000
Postage	30,000	24,085	30,600	30,600	22,000
Production	41,300	74,725	35,000	35,000	39,066
Shipping	1,550	3,599	1,960	1,960	1,700
Mailing House	-	6,179	5,500	5,500	2,300
Designer	-	150	2,050	16,200	3,640
Editing & Copyrighting	-	130	3,900	6,651	2,410
Miscellaneous	-	-	-	106	-
Total Expenses	198,272	237,604	180,660	496,972	591,542
Net Loss	\$ (76,117)	\$ (101,273)	\$ (35,810)	\$ (345,267)	\$ (447,802)

Government Relations
Proposed Budget June 30, 2019

	Budget FYE 6/30/2017	Actual FYE 6/30/2017	Budget FYE 6/30/2018	Projection FYE 6/30/2018	Proposed Budget FYE 6/30/2019
Revenue					
Contributions	\$ 2,500	\$ 7,538	\$ 5,000	\$ 4,000	\$ 3,000
Other Income	3,300	2,780	3,450	3,300	4,200
Total Revenue	5,800	10,318	8,450	7,300	7,200
Expenses					
Salaries and Benefits	-	-	-	80,120	135,062
Temporary Help	-	-	-	820	-
Telephone	980	523	-	-	-
Office Supplies	7,968	941	1,085	6,694	1,275
Technology	-	-	-	-	-
Consultant	127,700	117,175	144,800	135,014	144,995
Photography	1,200	375	1,200	500	1,200
Dues & Subscriptions	26,187	24,496	23,145	26,420	19,608
Travel	17,125	12,071	15,555	15,343	17,220
Food & Beverage	23,130	15,788	20,100	16,015	19,865
Meeting AV	1,200	1,531	1,200	1,100	2,200
Awards	-	2,204	8,940	11,050	8,884
Printing	1,942	1,526	1,750	375	1,200
Postage	1,530	-	1,750	-	400
Production	-	-	-	-	-
Shipping	-	411	700	350	500
Designer	-	100	-	50	650
Editing & Copyrighting	-	65	-	16	-
Total Expenses	208,962	177,206	220,225	293,867	353,059
Net Loss	\$ (203,162)	\$ (166,888)	\$ (211,775)	\$ (286,567)	\$ (345,859)

EDUCATION

Proposed Budget June 30, 2019

	Budget		Actual		Budget		Projection		Proposed Budget		
	FYE 6/30/2017		FYE 6/30/2017		FYE 6/30/2018		FYE 6/30/2018		FYE 6/30/2019		
Revenue											
CE Level 1	\$	155,000	\$	145,221	\$	136,308	\$	125,000	\$	137,189	
Meeting Registration		619,450		733,138		695,090		588,445		637,625	
Webinars		54,990		29,272		54,990		26,200		46,400	
EA Journal CE		190,000		173,348		150,705		178,000		170,030	
Sponsorship		54,500		80,225		66,500		19,850		21,150	
Exhibitors		42,700		53,375		47,150		39,550		41,950	
Online SEE Registration		-		-		-		68,000		72,000	
Royalties		-		110		-		-		-	
Total Revenues		1,116,640		1,214,689		1,150,743		1,045,045		1,126,344	
Expenses											
Salaries and Benefits		-		-		-		181,280		313,420	
Staff appreciation		-		-		-		386		500	
Temporary Help		4,000		17,967		4,652		-		3,352	
Telephone		2,500		1,291		600		-		-	
Office Supplies		2,000		1,432		2,000		1,766		2,000	
Technology		-		1,053		7,500		9,332		23,000	
Consultant		-		-		30,000		5,958		25,400	
Photography		-		1,575		2,200		1,811		2,000	
Advertising Expense		-		-		-		210		-	
Promotion		-		510		2,500		-		8,500	
Travel		16,704		10,014		25,752		14,871		26,402	
Food & Beverage		181,180		143,893		175,990		148,831		188,061	
Meeting AV		53,665		35,822		50,600		42,711		58,100	
Speaker Fees		91,790		69,797		114,480		100,498		110,890	
Speaker Expenses		62,970		31,587		66,640		43,726		62,680	
Trade Show Expense		8,900		27,928		8,500		6,216		11,000	
Voucher Write-Off		-		-		-		-		-	
Sponsorship Expenses		24,000		-		14,000		1,181		7,500	
Exhibitor Expense		-		-		-		532		-	
Program Expense		5,300		51,656		15,300		7,664		13,995	
Printing		12,500		11,177		13,200		14,486		15,250	
Postage		7,000		9,018		9,000		1,614		8,100	
Production		49,500		28,160		26,200		32,403		11,900	
Shipping		6,000		3,938		6,000		4,202		5,000	
Designer		2,400		3,442		4,400		4,950		5,500	
Editing & Copyrighting		-		420		2,100		130		2,100	
Miscellaneous		-		100		-		-		-	
Total Expenses		530,409		450,780		581,614		624,758		904,650	
Net Income	\$	586,231	\$	763,909	\$	569,129	\$	420,287	\$	221,694	

General & Administration
Proposed Budget June 30, 2019

	Budget FYE 6/30/2017	Actual FYE 6/30/2017	Budget FYE 6/30/2018	Projection FYE 6/30/2018	Proposed Budget FYE 6/30/2019
Revenue					
Interest & Dividend Income	\$ 35,000	\$ 15,458	\$ 37,500	\$ 5,900	\$ 12,000
Investment fees	-	(4,635)	-	(3,888)	(4,800)
Realized Gains	-	-	-	13,200	6,000
Total Revenue	35,000	10,823	37,500	15,212	13,200
Expenses					
Salaries (see details below)	1,334,224	1,090,014	1,224,495	513,899	1,311,559
Allocation of Salaries	-	-	-	-	(1,074,013)
Health and Dental Insurance	159,896	95,665	171,429	110,811	108,000
Transportation & Other benefits	-	24,500	-	24,955	21,000
Pension Exp	53,369	26,490	42,857	27,975	28,700
Paid Leave	-	-	-	101,173	135,837
Payroll Taxes	106,738	76,161	89,388	95,317	84,500
Allocation of benefits	-	-	-	(213,272)	(301,658)
Total salary and benefits	1,654,227	1,312,830	1,528,170	660,857	313,925
Payroll service	-	2,654	-	576	-
Staff appreciation	-	882	-	1,729	2,000
Temporary Help	2,000	18,819	7,500	41,395	25,000
Succession Expense	5,000	-	-	120,308	-
Staff Development	18,500	5,539	15,000	16,915	19,000
Employee recruitment	-	4,034	-	1,069	1,000
Rent	222,119	225,153	224,496	224,447	228,530
Storage	7,500	2,969	2,000	3,658	4,692
Telephone	17,000	16,232	17,000	17,707	18,500
Equipment Rental/ Maintenance	107,904	5,771	95,000	8,068	7,500
Office Supplies	7,000	14,577	4,000	10,163	8,500
Insurance	30,000	33,307	31,000	35,307	34,500
Depreciation	100,000	97,233	109,383	80,096	55,000
Technology	56,700	62,803	37,000	88,740	31,960
Software Subscriptions	6,000	10,552	9,383	8,837	11,500
Computer Support	-	105,503	-	60,840	75,600
Bank Charges	17,500	8,582	22,000	12,631	12,500
Credit Card Fees	174,000	186,974	204,000	175,454	188,000
Interest expense	-	250	-	-	250
Consultant	-	82,779	90,000	107,735	110,000
Legal	10,000	5,834	7,500	10,725	13,000
Audit	20,000	17,700	25,000	29,511	22,000
Dues & Subscriptions	-	74	-	-	-
Advertising Expense	1,000	-	5,000	49	-
Travel	7,000	4,252	5,920	3,066	3,000
Food & Beverage	500	582	250	-	-
Trade Show Expense	-	92	-	1,016	2,000
Printing	1,000	44	-	-	-
Postage	2,200	1,602	1,650	2,118	1,650
Production	-	-	-	199	-
Shipping	-	309	450	267	450
Designer	-	8,975	-	85	1,000
Taxes	1,000	155	-	348	500
Miscellaneous	3,000	6,524	-	4,116	500
Reserves (not an expense)	25,000	-	-	-	-
Total Expenses	2,496,150	2,243,586	2,441,702	1,728,035	1,192,057
Net Income (Loss) before unrealized gai	(2,461,150)	(2,232,763)	(2,404,202)	(1,712,823)	(1,178,857)
Unrealized Gains	-	17,885	-	1,957	-
Net Loss	\$ (2,461,150)	\$ (2,214,878)	\$ (2,404,202)	\$ (1,710,866)	\$ (1,178,857)

Board of Directors

Proposed Budget June 30, 2019

	Budget	Actual	Budget	Projection	Proposed
	FYE 6/30/2017	FYE 6/30/2017	FYE 6/30/2018	FYE 6/30/2018	Budget
					FYE 6/30/2019
Revenue					
Meeting Registration	\$ 3,000	\$ 3,250	\$ 3,250	\$ 7,380	\$ 7,125
SSMF Contribution	10,000	7,129	7,500	15,997	17,975
Total Revenues	13,000	10,379	10,750	23,377	25,100
Expenses					
Salaries and Benefits	-	-	-	40,041	99,653
Telephone	1,650	110	800	316	-
Office Supplies	750	52	100	-	300
Consultant	6,000	5,104	5,500	10,969	5,500
Legal	1,000	-	-	-	-
Photography	-	375	-	400	-
Dues & Subscriptions	-	-	-	840	-
Travel	78,500	62,635	64,400	97,952	107,038
Food & Beverage	32,500	37,207	41,760	38,801	55,487
Meeting AV	3,750	10,675	5,500	12,306	15,500
Speaker Fees	2,500	4,500	4,500	3,000	2,500
Speaker Expenses	-	-	-	341	1,800
Trade Show Expenses	-	-	-	2,464	-
Program Expense	-	-	-	-	-
Awards	-	2,121	-	2,501	3,050
Printing	3,150	-	850	1,754	950
Postage	500	-	350	-	100
Production	250	-	300	-	-
Shipping	-	245	225	-	-
Designer	-	-	-	375	-
Editing & Copyrighting	-	-	-	65	-
Miscellaneous	650	-	-	152	-
Total Expenses	131,200	123,024	124,285	212,277	291,878
Net Loss	\$ (118,200)	\$ (112,645)	\$ (113,535)	\$ (188,900)	\$ (266,778)



NATIONAL ASSOCIATION
OF ENROLLED AGENTS

POWERING AMERICA'S TAX EXPERTS®

TO: NAEA Board of Directors
FROM: Cassandra Brown, Assoc. Dir. of Finance and Administration
SUBJECT: Narrative Report for March 31, 2018 Financial Statements
DATE: May 18, 2018

The following is a report of the NAEA financial activity for the nine months ending March 31, 2018.

There is a year-to-date net loss of (\$21,447) as of March 31, 2018. This is an unfavorable variance of (\$124,626) when compared to the year-to-date budgeted net income of \$103,179. The difference is largely due to membership dues being under budget by \$91,989 and advertising income and meeting registration being under budget. Total expenses are also under budget.

Details regarding each program are listed below. The most significant variance within the project areas had to do with the salary and benefit allocations that began as of July 1, 2017, but were unbudgeted. Overall salary and benefits are under budget.

- **Membership** – Recognized membership revenue was \$1,654,200, including dues, affiliate program sponsorships and other revenue. This is an unfavorable variance of \$(91,989) in comparison to the year-to-date budgeted revenue of \$1,746,189. Annual membership revenue will increase slightly as most new members join toward the end of the fiscal year. Staff are currently looking at ways to close the gap on the unfavorable variance.
- **Education** – Year-to-date revenue for all educational programs was \$917,494 and expenses totaled \$604,062 resulting in net income of \$313,412. Revenue was \$126,074 under budget due to meeting registration and exhibit revenue.
- **Government Relations** – Contributions received through March 31 were \$1,305 and other income was 3,535. Year-to-date expenses were \$227,432. This results in a net loss of \$222,592 versus (\$154,748) net loss budgeted. However, the difference is largely due to the unbudgeted salary and benefit allocation.
- **Marketing, Communications and Public Relations** – Advertising revenue totaled \$88,842. The year-to date budget was \$113,496. Public Awareness contributions totaled \$2,028. Expenses were \$426,978. Marketing, Communications and Public Relations is currently at a loss of (\$331,281) which includes the new salary and benefit allocation of \$278,736.

- **Board of Directors** – Year-to-date expenses were \$175,213, the year-to-date budget was \$96,665 for an unfavorable variance of (\$78,548). This includes travel and on-site costs for the August and November Board meetings. Again, the big difference is the salary and benefit allocation of \$40,042 and increased travel expenses.
- **Administration and Operating** – Year-to-date staff and operating expenses were \$315,001 and \$1,088,957, respectively. Staff and operating expenses are under year-to-date budget projections in excess of \$738K in total due to the allocations to all project areas. Temp help and succession planning expenses are over budget.

NAEA again this year did not need to access its line of credit to cover operational expenses as it did two years ago.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Total current assets for NAEA were \$477,826 at 3/31/18, and \$779,663 was in investments. Total assets were \$1,358,279.

Total current liabilities for NAEA were \$888,228 at 3/31/18 of which \$555,009 was in deferred dues revenue. The temporarily restricted funds totaled \$517,784, and the unrestricted net assets are a negative (\$256,302).

CASH FLOW STATEMENT

The operating cash balance on March 31, 2018 was \$122,358.

NATIONAL ASSOCIATION OF ENROLLED AGENTS
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
March 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash - Operating	\$ 122,358	\$ (34,503)
Cash - Board Designated	239,935	-
Accounts receivable	26,586	58,434
Prepaid expenses	88,947	70,102
Total current assets	477,826	94,033
Investments	779,663	991,408
Fixed assets		
Furniture and equipment	577,848	564,800
Accumulated depreciation	(492,293)	(412,722)
Net fixed assets	85,555	152,078
Security deposit	15,235	16,511
Total assets	\$ 1,358,279	\$ 1,254,030
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 204,284	\$ 57,795
State dues payable	43,828	23,932
Payroll liabilities	41,727	44,218
Due to PAC and Foundation	6,532	15,176
Deferred dues	555,009	581,164
Deferred revenue	36,848	22,854
Total Current liabilities	888,228	745,139
Deferred rent	159,209	150,380
Net Assets		
Unrestricted net assets	(256,302)	(144,352)
Temporarily restricted net assets		
Legal	246,410	213,406
SSMF	320,734	289,457
Total Temporarily restricted net assets	567,144	502,863
Total net assets	310,842	358,511
Total liabilities and net assets	\$ 1,358,279	\$ 1,254,030

See accountants' compilation report.

NATIONAL ASSOCIATION OF ENROLLED AGENTS
STATEMENT OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS
For the nine months ended March 31, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue	\$ 2,762,441	\$ 33,408	\$ 2,795,850
Expenses			
Program services	1,728,340	-	1,728,340
Supporting Services	1,088,957	-	1,088,957
Total expenses	2,817,297	-	2,817,297
Change in net assets	(54,855)	33,408	(21,447)
Net assets at beginning of period	(201,447)	533,736	332,289
Net assets at end of period	\$ (256,302)	\$ 567,144	\$ 310,842

See accountants' compilation report.

National Association of Enrolled Agents
 Budget vs. Actuals - Modified Cash Basis
 For the nine months ended March 31, 2018

	Total 1000 Membership		Total 2000 Marketing, Communications & PR		Total 3000 Gov't Relations		Total 5000 Education		6000 General Oper. & Admin.		Total 7000 Board of Directors		8000 Donor Imposed Restrictions		TOTAL	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenue																
400 CE Level 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,426	\$ 85,070			\$ -	\$ -			\$ 77,426	\$ 85,070
401 Meeting Registration	-	-	-	-	-	-	595,124	795,718			7,380	3,250			602,504	798,968
402 Membership Dues	1,654,200	1,746,189	-	-	-	-	-	-			-	-			1,654,200	1,746,189
403 Webinars	-	-	-	-	-	-	26,200	49,130			-	-			26,200	49,130
404 EA Journal CE	-	-	-	-	-	-	164,073	-			-	-			164,073	-
405 Initiation Fees	8,139	5,625	-	-	-	-	-	-			-	-			8,139	5,625
406 Contributions	-	-	2,028	-	1,305	3,495	-	-			-	-	8,404	-	11,737	3,495
407 Sponsorship	-	-	-	-	-	-	36,200	66,500			-	-			36,200	66,500
408 Exhibitors	-	-	-	-	-	-	6,925	47,150			-	-			6,925	47,150
409 Online SEE Registration	-	-	-	-	-	-	11,527	-			-	-			11,527	-
452 Advertising	-	-	88,842	113,496	-	-	-	-			-	-			88,842	113,496
471 Royalties	53,231	49,500	-	-	-	-	96	-			-	-			53,328	49,500
472 Store Sales	2,658	4,878	-	-	-	-	-	-			-	-			2,658	4,878
473 Mailing Lists	-	-	4,627	-	-	-	-	-			-	-			4,627	-
481 Interest & Dividend Income	-	-	-	-	-	-	-	-	4,436	28,125	-	5,625	7,201	-	11,637	33,750
482 Realized Gains	-	-	-	-	-	-	-	-	11,513	-	-	-	21,284	-	32,797	-
483 Unrealized Gains/Losses	-	-	-	-	-	-	-	-	2,157	-	-	-	378	-	2,535	-
491 Other Income	697	378	200	-	3,535	-	(77)	-	-	-	-	-	-	-	4,355	378
Total Revenue	1,718,925	1,806,570	95,697	113,496	4,840	3,495	917,494	1,043,568	18,106	28,125	7,380	8,875	37,267	-	2,799,708	3,004,129
Expenditures																
500 Salaries and Benefits	-	-	-	-	-	-	-	-			-	-			-	-
501 Salaries	141,950	-	201,972	-	58,526	-	131,019	-	228,542	918,369	29,316	-	-	-	791,326	918,369
502 Benefits	53,978	-	76,764	-	21,544	-	50,260	-	(213,272)	-	10,726	-	-	-	0	-
503 Health and Dental Insurance	-	-	-	-	-	-	-	-	84,950	128,572	-	-	-	-	84,950	128,572
504 Transportation & Other	-	-	-	-	50	-	-	-	22,050	-	-	-	-	-	22,100	-
505 Pension Expense	-	-	-	-	-	-	-	-	21,387	32,144	-	-	-	-	21,387	32,144
506 Paid Leave	-	-	-	-	-	-	-	-	101,173	-	-	-	-	-	101,173	-
507 Payroll Taxes	-	-	-	-	-	-	-	-	70,171	67,041	-	-	-	-	70,171	67,041
Total 502 Benefits	53,978	-	76,764	-	21,594	-	50,260	-	86,459	227,757	10,726	-	-	-	299,781	227,757
Total 500 Salaries and Benefits	195,929	-	278,736	-	80,120	-	181,280	-	315,001	1,146,126	40,042	-	-	-	1,091,107	1,146,126
520 Payroll Service	-	-	-	-	-	-	-	-	530	-	-	-	-	-	530	-
521 Staff Appreciation	-	-	-	-	-	-	-	-	1,609	-	-	-	-	-	1,609	-
522 Temporary Help	-	-	-	-	820	-	-	4,652	41,395	5,625	-	-	-	-	42,214	10,277
523 Succession Planning	-	-	-	-	-	-	-	-	34,374	-	-	-	-	-	34,374	-
524 Staff Development	-	-	36	-	-	-	-	-	16,485	10,000	-	-	-	-	16,521	10,000
525 Employee Recruitment	-	-	-	-	-	-	-	-	369	-	-	-	-	-	369	-
530 Rent	-	-	-	-	-	-	-	-	168,340	168,372	-	-	-	-	168,340	168,372
531 Storage	-	-	-	-	-	-	-	-	2,878	1,499	-	-	-	-	2,878	1,499
532 Telephone	-	-	-	-	-	-	-	500	13,653	12,749	316	800	-	-	13,969	14,049
533 Equipment Rental/Maintenance	113	-	-	-	-	-	-	-	7,132	71,249	-	-	-	-	7,245	71,249
534 Office Supplies	226	375	136	1,499	131	979	2,151	2,000	8,745	3,001	-	100	-	-	11,391	7,954
535 Insurance	-	-	-	-	-	-	-	-	26,942	23,251	-	-	-	-	26,942	23,251
536 Depreciation	-	-	-	-	-	-	-	-	57,718	82,038	-	-	-	-	57,718	82,038
537 Technology	6,142	14,150	-	-	509	-	1,467	-	86,026	27,751	-	-	-	-	94,144	41,901
538 Software Subscriptions	-	-	636	-	-	-	-	-	7,398	9,383	-	-	-	-	8,035	9,383
539 Computer Support	-	-	-	-	-	-	-	-	40,944	-	-	-	-	-	40,944	-
540 Bank Charges	-	-	-	-	-	-	-	-	10,095	16,501	-	-	-	-	10,095	16,501

	Total 1000 Membership		Total 2000 Marketing, Communications & PR		Total 3000 Gov't Relations		Total 5000 Education		6000 General Oper. & Admin.		Total 7000 Board of Directors		8000 Donor Imposed Restrictions		TOTAL	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
541 Credit Card Fees	-	-	-	-	-	-	-	-	121,354	153,000	-	-	-	-	121,354	153,000
543 Investment fees	-	-	-	-	-	-	-	-	2,955	-	-	-	3,858	-	6,813	-
550 Consultant	-	-	11,051	2,500	99,315	108,599	5,959	30,000	79,235	67,500	10,969	5,500	-	-	206,528	214,099
551 Legal	-	-	-	-	-	-	-	-	7,115	5,000	-	-	-	-	7,115	5,000
552 Audit	-	-	-	-	-	-	-	-	29,511	25,000	-	-	-	-	29,511	25,000
553 Photography	-	-	-	-	65	800	1,811	2,200	-	-	-	-	-	-	1,876	3,000
560 Dues & subscriptions	-	-	2,594	4,875	20,094	18,970	-	-	-	-	840	-	-	-	23,529	23,845
561 Advertising Expense	-	-	4,250	-	-	-	210	-	49	3,000	-	-	-	-	4,510	3,000
562 Promotion	1,540	1,500	1,208	3,750	-	-	-	1,800	-	-	-	-	-	-	2,748	7,050
570 Travel	16,991	10,500	542	3,350	10,451	8,665	14,872	25,752	2,716	4,441	76,435	49,400	-	-	122,007	102,108
571 Food & Beverage	16,235	8,500	6,716	-	7,992	12,325	150,743	175,990	-	187	27,802	31,760	-	-	209,488	228,762
572 Meeting AV	3,765	6,500	450	-	600	800	42,711	50,600	-	-	8,807	3,000	-	-	56,332	60,900
573 Speaker Fees	-	-	-	-	-	-	91,088	108,780	-	-	3,000	4,500	-	-	94,088	113,280
574 Speaker Expenses	-	-	-	-	-	-	49,196	66,640	-	-	341	-	-	-	49,537	66,640
575 Trade Show Expense	-	-	652	-	-	-	6,216	8,500	1,016	-	2,464	-	-	-	10,348	8,500
576 Voucher Write-Off	360	-	-	-	-	-	-	-	-	-	-	-	-	-	360	-
577 Sponsorship Expense	-	-	-	-	-	-	1,181	14,000	-	-	-	-	-	-	1,181	14,000
578 Exhibitor Expense	-	-	-	-	-	-	533	-	-	-	-	-	-	-	533	-
580 Program Expense	14,539	12,500	175	7,500	-	-	5,559	12,800	-	-	-	-	-	-	20,274	32,800
585 Awards	-	-	-	-	6,860	3,990	-	-	-	-	1,852	-	-	-	8,712	3,990
590 Printing	63	-	52,067	55,867	275	1,250	14,485	13,200	-	-	1,754	750	-	-	68,645	71,067
591 Postage	-	-	17,747	25,600	-	1,315	1,615	9,000	1,585	1,236	-	330	-	-	20,946	37,481
592 Production	1,320	4,730	23,252	30,000	-	-	23,674	25,000	199	-	-	300	-	-	48,446	60,030
593 Shipping	6,696	5,728	538	525	134	550	4,202	6,000	267	336	-	225	-	-	11,836	13,364
594 Mailing House	25,289	27,500	3,245	4,584	-	-	-	-	-	-	-	-	-	-	28,535	32,084
595 Designer	3,633	8,650	16,200	1,750	50	-	4,700	3,600	85	-	375	-	-	-	25,042	14,000
596 Editing & Copyrighting	1,739	-	6,651	3,250	16	-	410	2,100	-	-	65	-	-	-	8,881	5,350
600 Taxes	-	-	-	-	-	-	-	-	348	-	-	-	-	-	348	-
601 Miscellaneous	75	-	94	-	-	-	-	-	2,886	-	152	-	-	-	3,207	-
Total Expenditures	294,655	100,633	426,978	145,050	227,432	158,243	604,062	563,114	1,088,957	1,837,245	175,213	96,665	3,858	-	2,821,155	2,900,950
Net Revenue	\$ 1,424,270	\$ 1,705,937	-\$ 331,281	-\$ 31,554	-\$ 222,592	\$ 154,748	\$ 313,432	-\$ 480,454	-\$ 1,070,851	-\$ 1,809,120	-\$ 167,833	\$ 87,790	\$ 33,408	\$ 0	\$ 21,447	\$ 103,179

See accountants' compilation report.

2018-2019 Committees

COMMITTEE

Affiliate Council
 Audit Committee
 Awards Committee
 Bylaws and Governance Committee
 CTEC
 Educating America
 Education Committee
 NTPI

 Tax Education Subcommittee
 Education Foundation
 Ethics & Professional Conduct
 Finance Committee
 Government Relations
 Membership Committee
 Nominating Committee
 PAC Steering Committee
 Public Relations & Social Media
 Schuldiner/Smollan

CHAIR

Tim Adams, EA
 Richard Reedman, EA, USTCP
 Jeff Augenstein, EA
 Raven Deerwater, EA, PhD
 Margy Dunn, EA / Susan Amaral, EA
 Natasha Johnson, EA
 Alan Pinck, EA
 Linda Bossard, EA
 Clay Brown, EA
 Mary Sunderland, EA
 Catherine Bostock-Hudy, EA
 Melissa Longmuir, EA
 Mike Fioritto, EA, CPA
 Jennifer MacMillan, EA
 Bernadette Antonelli, EA
 Jim Adelman, EA
 Phyllis Jo Kubey, EA
 Trish Evenstad, EA
 Joyce Mohr, EA

2018-2019 Bank Account Signatures

May 18, 2018

Resolution to Update Bank Signature Cards

Be it resolved that President Jean Nelsen, EA; Treasurer Timothy Dilworth, EA, CPA; and EVP, Robert Kerr, EA, are authorized signatories on all NAEA bank accounts and will provide original signatures to the SunTrust Bank for the period May 18, 2018 through May 17, 2019.

2018-2019 Nominating Committee

Jim Adelman, EA	Chair
Doug Pickford, EA	Member
Joyce Mohr, EA	Member
Judy Akin, EA	Member
Tim Adams, EA	Member
Kerry Freeman, EA	Member
Rich Rhodes, EA	Member

50th Anniversary Task Force

Pursuant to the provisions of Part VIII, specifically 8.5, of the Policy and Procedure Manual of the National Association of Enrolled Agents,

There shall be a task force formed for the purpose of planning and implementing a celebration of the 50th Anniversary of the National Association of Enrolled Agents. The task force members shall consist of all of the past presidents of the National Association of Enrolled Agents willing and able to serve. The task force by the end of the first year of organization shall designate one of the members as chairperson to serve in said capacity for as long as so designated by the members of the task force. The task force is formed to be in existence until the celebration of the 50th anniversary of the National Association of Enrolled Agents.

The initial charges of the task force shall be to plan and implement a celebration of the 50th anniversary of the National Association of Enrolled Agents but shall be amended or supplemented as the task force determines the its needs. It shall also be a charge that the task force shall endeavor to make the celebration as revenue neutral as possible. If the task force requires organizational funds, it shall request such funds be included in the Board of Directors' budget. An accounting of organizational funds shall be kept and should the task force raise adequate funds for reimbursement, such reimbursement shall be made. If upon completion of the project, the event's revenues exceed expenses (including funds advanced by NAEA), it is suggested that the National Association of Enrolled Agents Education Foundation be the recipient of said excess funds. This task force shall sunset December 31, 2022.

Further, that as President, I designate and appoint Sherrill Trovato, EA, USTCP to serve as the initial chairperson and request the EVP to designate himself as her liaison.

Dated this 7th day of May, 2018



James R. Adelman, EA - President

AFFILIATE COUNCIL

TO: NAEA Board of Directors
FROM: Kathy Brown, EA; Affiliate Council Chair
SUBJECT: Affiliate Council Report
DATE: April 23, 2018

MEMBERS: Kathy Brown, EA, Chair; Tim Adams, EA; Bernadette Antonelli, EA;
Michael Carlisle, EA; Lori Carpenter, EA; Jeff Gentner, EA

STAFF: Katrina Holland

STATUS:

The Affiliate Council had a productive and engaging year. The Council led Affiliate wide calls, supported the registration process for NAEA events, supported membership initiatives by helping to identify Membership Chairs in state affiliates, and planned and led two (2) successful President Exchange meetings in November and May. A summary of activities for each area is provided below:

Affiliate Wide Calls. The Council continues to use these calls to provide a platform to maintain a strong level of awareness of NAEA events and projects. Council members have topics assigned to them and present that information to the states, giving the states an opportunity to stay in the loop about NAEA activities and to also seek clarification on any topics that may come up.

Registration Process for the National Conference/NTPI Orlando. The Council oversees the Call for Volunteers to help support the staffing needs for these two meetings. Members who volunteered to help support registration set-up, attendee check-in, user support for the conference APP, and provide general information about how to get involved in NAEA were given the title: NAEA Ambassadors. NAEA Ambassadors will continue to support the member needs at these two events. The Affiliate Council welcomes the participation of long time NAEA leaders and members alike in this important effort.

Helped to Identify State Membership Chairs. Working closely with the Membership Committee, the Affiliate Council helped to identify key membership leaders across the states. This effort was critical to help support NAEA and state affiliate membership initiatives because it is necessary to ensure that NAEA is contacting the right person in each affiliate to discuss membership projects. The information received from this effort was an important gain for NAEA.

Planned and Led Presidents Exchange Meetings. The Affiliate Council planned and led wonderful programs this year. Using the feedback the Council received from meeting attendees about content, the objective of the meetings were to give states an interactive

opportunity to learn from each other. Based on the feedback from the meetings, the Council was successful in achieving that goal and was also successful inspiring more affiliates to provide even more content suggestions for future meetings. The May meeting was well-received, and the Council had the challenge of improving on that meeting with the November event. The November event was a resounding success with attendees giving the meeting high marks for both content and for providing a fun atmosphere for meaningful interaction. In addition, the fundraising activity during the meeting successfully raised additional funds for the Education Foundation.

New Affiliate Council Leaders. The 2018/19 Affiliate Council elections opened December 2017 and closed January 2018. State affiliate presidents, elected three (3) fine additions to the new Affiliate Council: Jeff Augenstein, EA (AZ); Bill Nemeth, EA (GA); and Linda Sandidge, EA (LA). The new Affiliate Council Chair is Tim Adams, EA (TX).

As my last report to the board as Chair of the Affiliate Council, I would like to thank the members of the Affiliate Council for their leadership and support during this year. Their commitment to NAEA provided a great foundation for the excellent work achieved this year.

BYLAWS & GOVERNANCE

TO: NAEA Board of Directors
FROM: Chair, Raven Deerwater, EA, PhD
SUBJECT: Bylaws and Governance Committee Report
DATE: May 18, 2018

MEMBERS: (Chair) Raven Deerwater, EA, PhD; (Vice-Chair) Angela Radic, EA;
Patricia Kappen, EA; Melissa Longmuir, EA; Sandra Robb, EA; Adam Roberts, EA;
Tina Stark, EA

STAFF: Robert Kerr, EVP

STATUS:

With this report, the Bylaws and Governance Committee is bringing a series of four motions to the Board concluding its work during the 2017-2018 governance year. These motions are for the Board to consider major revisions in the Bylaws, the Policy and Procedure Manual, and the Officer and Director Job Descriptions.

In this report will be the overall background for the revisions suggested by the Bylaws and Governance Committee as well as some of the vision for future governance for NAEA. This work was based upon the following 6 charges given to the Bylaws and Governance Committee by President Jim Adelman, EA and the NAEA Board of Directors.

- Prepare any preliminary changes to the Bylaws and Policy and Procedures of NAEA.
- Ensure that all NAEA and NAEA-EF proposed Bylaws amendments are reviewed by NAEA general counsel to ensure compliance with appropriate legal statutes – this effort is coordinated with the staff liaison.
- Review NAEA's governance processes to ensure the Board deliberates efficiently and using knowledge-based governance.
- Conduct the periodic review of NAEA Policies and Procedures to ensure effective organizational processes, eliminate inconsistencies (internally of with the Bylaws), and stress association best practices. Recommend to the BOD any modifications. (The current P&P manual sunsets after 12/31/19.)
- Review Officer Job Descriptions in light of the Bylaws change to five officers.
- Review and recommend to the Board the appropriate composition of the Board of Directors to guide the association through the upcoming years. (In the past, each Board Member was responsible for being a liaison between assigned State Affiliates and the

Board. Since the inception of the Affiliate Council, they have assumed that role, so a realignment of the size of the Board may need to be addressed.)

Overall Governance

In order to fulfill the third charge above, Chair Deerwater spoke to each member of the 2017-2018 NAEA Board. After the election results were in, he contacted and spoke to all new Board Directors who start their service with this meeting. As mentioned in the November, 2017, Bylaws and Governance Committee report, Board Members felt that they individually understood knowledge-based governance, but there had been little if any training in it. It was also felt that the Board did not consistently apply knowledge-based governance to the issues it was presented.

It was also felt that meetings were not always efficient or on point. Several Board Members explicitly indicated that there needs to be more formality using Robert's Rules of Order during meetings. Many Board Members expressed the opinion that the Executive Committee was "driving" the Board as opposed to the Board driving the Executive Committee. This type of comment was equally shared by the Officers and at-large Directors. Finally, Board Members felt that the Board should be a strategic Board and more time needs to be spent on strategic issues.

The motions and proposals sent before you in this report directly address these concerns. Our professional organization is set up for the Board to be the representatives of the Members in conducting the business of NAEA. Board Members are most responsible for oversight and the financial stability of the organization. If the Board feels they are not being efficient or productive, then it is incumbent upon them to change in order to best serve the Membership.

With this in mind, the Bylaws and Governance Committee is recommending a re-emphasis on Knowledge-Based Decision Making and better application of Robert's Rules of Order. The Bylaws and Governance Committee, by taking this direction from the Board, ***strongly and unanimously agrees that the acceptance of the motions presented for this meeting will directly lead to better governance and a more satisfying governing experience for individual Board members and for the Membership in general.***

Process and Product

The Bylaws and Governance Committee motions address both the *process* of governance and the actual *product* (written policies) of NAEA governance. Below is a summary of the overall changes suggested to be implemented.

Process:

- The NAEA Board operates as a strategic Board, setting forth and implementing the vision and direction of NAEA.
- The Board, not the President or EVP, has the ultimate responsibility of policy oversight and fiscal stability.
- The Board, not the President or EVP, has committees to facilitate these responsibilities.
- The Board utilizes Knowledge-Based Decision Making to make strategic and tactical decisions.
- The Board utilizes Robert's Rules of Order to run efficient meetings and to allow all voices and viewpoints to be heard in a courteous manner.

These processes are designed to make the Board be the driver of governance and to assure Members that their input is always welcomed.

Product:

- The Bylaws are the contract between the Membership as a whole and the Board detailing the relationship between the Board and the Membership and how NAEA governance is to be carried out.
- The Policy and Procedure Manual is the Board's primary method for the oversight of the Association.
- The Board Director and Officer Job Descriptions detail the roles of leadership in carrying out their responsibilities.
- Committee charges and SOP detail the roles of committees in serving the Board in the fulfillment of its responsibilities.
- The Board generally carries out its oversight responsibilities through changes in governing documents and its fiduciary responsibilities through changes in the budget.

These products give focus to governance and provide a way for the Board to implement its strategic vision. They are meant to be dynamic, changing along with the development of the association and the profession.

Knowledge-Based Decision Making

Knowledge-Based Decision Making is a guide for the Board to make strategic and tactical decisions. The Bylaws and Governance Committee is recommending that all significant motions have background based on the four key questions of Knowledge-Based Decision Making. Since the Bylaws and Governance Committee is presenting four motions today, this report will now provide the Knowledge-Based Decision Making Background. (Since all four motions apply to governance, the background is applicable to the motions taken as a group.)

1. MEMBERS: What knowledge do we have of our members' needs, wants and preferences that pertain to this issue? Members want NAEA to be their professional organization in promoting the profession and providing them with professional growth opportunities. Members, in general, want resources spent on them and not on the governance of the Association. In general, Members at large do not care about the minutiae of organizational governance, but it is noticed when the governance is not done well. The proposals presented in this report both increase the efficiency of NAEA governance and do so at a lower cost and with less resources.

Additionally, if we take this first Knowledge-Based Decision Making question and look at "Leaders" as opposed to "Members," there is a major point to be made and understood. NAEA instituted the SSLA to train Members for Affiliate leadership and governance. Not surprisingly, those who have trained as leaders for Affiliates gravitate to national leadership as well. The current Board contains 13 alumni of the SSLA. The curriculum of the SSLA stresses general principles of leadership and governance and goes in-depth on the responsibilities of Board Directors as well as Knowledge-Based Decision Making and Robert's Rules of Order. The Bylaws and Governance Committee feels strongly that the NAEA Board should be an exemplar of these principles.

2. RESOURCES: What knowledge do we have of our financial resources, staff expertise and availability that pertain to this issue? In the last few years, NAEA has gone from an association which felt it had plenty of financial resources to one where costs are of great concern. Motion 2 will save the association money, and we do not need any different staff expertise or availability to implement these proposals.

3. ENVIRONMENT: What knowledge do we have of the direction of our profession and our strategic plan that pertain to this issue? As for our strategic plan, it is necessary for the Board to continually pay attention to it in all decisions, both strategic and tactical. A renewed emphasis on Knowledge-Based Decision Making will ensure that the Board is having discussions as a full Board and making sound, communal decisions on implementing and adjusting the strategic plan moving forward. As noted before, good process leads to good decisions and a method to be accountable to those decisions.

4. RAMIFICATIONS: What knowledge do we have of the consequences (positive, neutral, negative) of taking or not taking action that pertain to this issue? The truth is that the Bylaws and Governance Committee found great inconsistencies between our Bylaws and the Policy and Procedure Manual. Ever so slowly over the past several years, this has developed. Thus we now not only have inconsistencies, but we have policies that do not appear in the Policy and Procedure manual, and we have Board Directors who allow for motions that are incomplete to be accepted. If the motions contained in this report are not accepted, then the Board still must revise its policies before the sunset date of the Policy and Procedure Manual and the

disconnect between our written policies and our actions will continue to increase. If the motions are accepted, then the Board has taken a major step forward in dedicating itself to sound governing principles and training for the foreseeable future. The Board will have a blueprint for discussing further changes and developments in our association and our profession.

Board Motions:

The first two motions affect the Bylaws; thus the Board is deciding whether to bring these proposals to the Membership. The second two motions affect Board policies, and the Board can implement them immediately.

Motion 1

The Bylaws and Governance Committee moves that the Board of Directors approve the Bylaws Revision of 2018 of the NAEA Bylaws as presented, which if approved, will go before the Membership pursuant to §16.01 of the Association's Bylaws.

This is a revision of the current Bylaws to bring it up-to-date with current practices and to put in a format consistent with Robert's Rules of Orders. (Note: Robert's Rules of Orders contains guidelines for the order and content of Bylaws.)

Here are the major things to note:

- The order of the Articles is now consistent with Robert's Rules of Order, which is the parliamentary authority.
- Language on Officer Vacancies is cleaned up
- Bylaws concerning Associates are deleted – the Board is thus given freedom to deal with issues surrounding Associates, making the Bylaws only focus on Members. Policies on Associates are now contained in the Policy and Procedure Manual

Motion 2

The Bylaws and Governance Committee moves that the Board of Directors approve language electing three at-large Board Directors each year before the Membership pursuant to §16.01 of the Association's Bylaws.

This motion would have the effect of reducing the Board to 13 members for the 2019-2020 governance year and 11 Members for the 2020-2021 and later governance years. This affects §7.01 and §7.03 of the current Bylaws (and §5.01 and §5.03 of the proposed Bylaws revision).

A similar motion was presented to the Board at the August, 2017, NAEA Board of Directors meetings. That motion was referred back to the Bylaws and Governance Committee to address the following concerns:

- The actual cost savings of the proposal
- The concerns from previous committees and Past Presidents
- Leadership, representation and successors
- The role of the Executive Committee

When the Bylaws and Governance Committee originally brought this motion to the Board, it had agreed unanimously to do so. After having heard the discussion and concerns from the August Meeting, not one Committee Member changed their view; thus, this proposal again has the unanimous consent of the Bylaws and Governance committee.

Here is the committee's response to the concerns emanating from that meeting.

1. According to former EVP Cedric Calhoun, CAE – the average cost of a Board Member's participation in a meeting is \$2244, thus the savings of reducing the Board by four members over 3 meetings per year is $12 \times 2244 = \$26,928$.
2. Those who served previously with NAEA expressed strong feelings towards retaining the current Board size at the August meeting. Our Committee felt and feels very differently. The climate under which the last report (Chaired by Alexander B. Thompson, EA) was done is very different now. For instance, in the current climate, there is more pressure on reducing costs to NAEA. But our committee mostly focused on governance. As noted by our Board Officer/Director interviews, the President and the Executive Committee were driving the Board, not the other way around. It is not surprising that those Past Presidents who did this driving would support it. But the sense our committee got from the Board *that we were serving* was that it was time for the Board to be a *strategic Board and to drive the organization*.

For the Board to be the driver, it must make communal decisions in consultation with each other. This would be an easier task with 11 than with 15. Ultimately group decisions come down to relationships with each other. With 11 people, there are 55 different pairs that can be formed; with 15 people there are 105 pairs – making it almost twice as challenging to come to a consensus.

All of the changes in the Bylaws, Policy and Procedure Manual, and Officer/Director Job Descriptions proposed by the Bylaws and Governance Committee are to the end of making the Board responsible for the vision, drive, and governance of the organization. Reducing the size of the Board is a cost effective way of achieving this end.

3. There was a concern expressed at the meeting that there would be less Affiliates represented on the Board with a reduction of the Board. Mathematically, of course, this has to happen. However the Committee looked at the last three years of election results (we were not provided with more), and, if there had only been 3 at-large directors elected each year, there would still have been 8 or 9 Affiliates represented on the Board (compared to 10 or 11 under the current rules). Nor has there been any evidence of any Board Member solely acting in the interest of their Affiliate and not the Association as a whole.

There also seems to be the mistaken view that being on the Board is the pinnacle of leadership at NAEA. All NAEA Members are tax experts, there should be no status difference between a Board Director and any other NAEA Member or leader. Between all the committees of NAEA and all the programming of NAEA, there are many places other than the Board for any volunteer or leader to shine (taking into account their skills and interest). All volunteer and leadership positions are in service of the Membership and the profession as a whole.

4. It was brought up that with a Board of 11 and an Executive Committee of 6, that the Executive Committee could outvote the Board at any moment. While this is mathematically true, it ignores the process and history of NAEA. In recent history, there has never been an issue where the Executive Committee was pitted against the at-large Directors. Those Board votes that have been close have had Executive Committee Members voting on each side of the issue.

The bigger point is that if the current proposals are accepted, the Executive Committee takes on its natural role that as a ready-made task force of the Board. With a larger Board, it has been easier for the Executive Committee to become the driver of the Board and not the servant of the Board. This motion, especially in combination with the other motions, gives the Board more power to make strategic decisions and to utilize the Executive Committee to facilitate those decisions.

In conclusion, the Bylaws and Governance Committee feels that reducing the Board will lead to the Board making more decisions as a community of Board Directors and taking ownership of the Association.

Motion 3

The Bylaws and Governance Committee moves that the Board of Directors replace the current Policy and Procedure Manual with the revised Policy and Procedure Manual as presented.

This is a revision of the current Policy and Procedure Manual based on the best information available to the Bylaws and Governance Committee.

Here are the major things to note:

- A whole section on Knowledge-Based Decision Making is included and how it will flavor discussion of strategic and tactical issues
- All policies are now gathered in one document
- Policies on Associates are now contained in the Manual
- There is no sunset clause – all policies remain in effect until the Board chooses to adjust them.

The Bylaws and Governance Committee does not pretend that the proposed manual is perfect, but it is a huge improvement on our current manual and an excellent starting point for this Board to make further additions and adjustments.

Motion 4

The Bylaws and Governance Committee moves that the Board of Directors replace the current Officer and Board Director Job Descriptions with the revised Officer and Board Director Job Descriptions as presented.

These job descriptions have been revised to take into account both current practices and the separation of Secretary/Treasurer into two different officer positions.

Conclusion

The 2017-2018 Bylaws and Governance Committee worked long and hard to bring these proposals to you for your consideration. We believe this is an opportune time to implement these structural changes in NAEA governance. It has been an honor to serve the Members of NAEA in taking on such a significant project.

BYLAWS AND GOVERNANCE

APPENDIX

TO: NAEA Board of Directors
FROM: Chair, Raven Deerwater, EA, PhD
SUBJECT: Bylaws and Governance Committee Report
DATE: May 18, 2018

CONTENTS: The following materials are contained in this appendix:

- Chart of content order between proposed and current governing documents
- Proposed Bylaws Revision
- Current Bylaws
- Proposed Policy and Procedure Manual
- Current Policy and Procedure Manual
- Proposed Officer and Director Job Descriptions
- Current Officer and Director Job Descriptions

Chart of content order between proposed and current governing documents

BYLAWS

Proposed	Current
Article 1	Article 1
Article 2	Article 1
Article 3	Articles 2, 3, 4, 5
Article 4	Articles 2, 12
Article 5	Articles 7, 11
Article 6	Article 8
Article 7	Article 6
Article 8	Article 9
Article 9	Article 10
Article 10	Article 2
Article 11	Article 14
Article 12	Article 16

Notes: The contents of current article 2 has been dispersed throughout the Bylaws. The contents of current Articles 12 and 13 are in the proposed new Policy and Procedure Manual. The content of current Article 15 was deleted.

POLICY AND PROCEDURE MANUAL

Proposed	Current
Part 1 (KBDM)	-----
Part 2	Part 1
Part 3	Part 8
Part 4	Part 9
Part 5	Part 4
Part 6	Part 5
Part 7	Part 6, Bylaws Article 13
Part 8	Part 10, Bylaws Article 12
Part 9	Part 11
Part 10	Part 7
Part 11	Part 14
Part 12	Part 13
Part 13 (EVP Performance)	-----
Part 14	Part 2
Part 15	Part 3
Part 16	Part 12

Notes: The content of current part 15 has been moved into the proposed Bylaws. The content of current part 16 has been deleted.

BYLAWS

ARTICLE I

Name

1.01 Name

The name of this organization is the National Association of Enrolled Agents, Inc. (the "Association"). The Association is a California Nonprofit Mutual Benefit Corporation, and these Bylaws must be in compliance with the California Nonprofit Corporation Law.

ARTICLE II

Object

2.01 Object

The Object of the Association is to advance the Enrolled Agent profession. The Association may exercise all lawful powers and may engage in all lawful purposes and activities granted to it pursuant to law.

ARTICLE III

Members

3.1 Member

Membership in the Association is limited to those persons recognized by the United States Treasury Department, Internal Revenue Service as Enrolled Agents in good standing. The Association will have two classes of Members: Member and Member Emeritus. "Member," as referred to in these Bylaws, refers to both Members and Members Emeritus.

3.2 Member Emeritus

A Member Emeritus will be a person who has been a Member for the preceding five years and who is on "inactive retired status" under Circular 230, Title 31 Code of Federal Regulations Subtitle A, Part 10, as amended ("Circular 230"). A Member Emeritus will not be required to fulfill the requirements for continuing professional education (CPE). The Board may waive the requirement of membership for the preceding five years.

3.3 Associates

The Board of Directors may establish an Associate category for any individual who is not an Enrolled Agent. Associates are not eligible to vote or hold elected or appointed office. Associates are not “Members” of the Association within the meaning of these Bylaws.

3.4 Member Obligation to Follow Association Rules

Each Member of this Association agrees to abide by these Bylaws and any amendments thereto, and by the lawful actions of the Board or the voting Members of the Association. Each Member will abide by the Association’s Code of Ethics and Rules of Professional Conduct and the NAEA Anti-Harassment Policy.

3.5 International Member Obligation to Follow Association Rules

International Members will abide by the rules of the Association but only to the extent said rules are not in violation of any laws or rules of the international country having geographic jurisdiction over the international Member. The international Member will also abide by any rules or laws of the international country. International Members will notify the Association if compliance with international laws would create a violation of the rules of the Association.

3.6 CPE Requirements

Each Member will complete thirty hours of qualifying CPE per calendar year. The required hours will be prorated for new Members. Qualifying CPE is defined in the Association’s Policy & Procedure Manual (PPM).

3.7 Member Liability

No Member will personally or otherwise be liable for any obligations of the Association.

3.8 Membership Dues and Assessments

The Board will set the amount of the annual dues for Membership. Membership dues are due and payable annually per methods approved by the NAEA Board. Once submitted, dues remain the property of the Association unless membership is rejected upon application. 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 Board may, upon affirmative vote of two-thirds of the Directors, levy such additional assessments as are necessary to carry out the activities of the Association.

3.9 Termination/Suspension of Membership

A membership will be:

1. Terminated upon written notice of resignation to the Association.
2. Suspended for nonpayment of membership dues or assessments thirty days beyond the due date.
3. Terminated for nonpayment of dues or assessments, or non-submission of required CPE hours, seventy-five days beyond the due date.
4. In the event of hardship or extenuating circumstances, the Board, on written request, may waive the payment of delinquent dues and/or CPE required hours.
5. Members that have been suspended or terminated may not vote or serve on the Board or any committee.

3.10 Reinstatement

Any Member terminated within the previous six months for nonpayment of dues or non-reporting of required CPE hours, and whose record shows no complaint or charges pending before the Ethics and Professional Conduct Committee, may be eligible for reinstatement. Resignation, suspension, or expulsion from membership shall not relieve the member from liability for any unpaid dues or other duly assessed fees or charges. To reapply for membership, all back dues must be paid in full before membership may be approved, except as determined by the Board of Directors.

3.11 Status with Internal Revenue Service

Any Member whose enrollment to practice before the Internal Revenue Service (IRS) is temporarily suspended for any reason by the issuing authority will be automatically suspended from membership during the period of suspension to practice before the IRS. Any Member whose enrollment to practice before the IRS is permanently terminated by the issuing authority will be automatically permanently terminated from the Association. Membership may be reinstated only upon repeal of the suspension or termination by the issuing authority.

3.12 Discipline

A Member or an Associate may be disciplined (which may include private or public censure, suspension or expulsion) if:

1. A Member or an Associate violates the Association's Bylaws, Code of Ethics, Rules of Professional Conduct or Circular 230.
2. A Member or an Associate is determined by the Board to have been engaged in an act discreditable to the profession.
3. A Member or an Associate is convicted of a felony.

Actions against a Member or an Associate under this section will be processed in accordance with the current Code of Ethics and Rules of Professional Conduct.

ARTICLE IV

Affiliates

4.1 Affiliates

The Association may establish domestic and international Affiliate organizations such that all members of an Affiliate must be Members of NAEA, and Affiliate boundaries may not overlap. A domestic Affiliate is located within the states, commonwealths, possessions or territories of the United States, or the District of Columbia, and operating in conformity with rules and procedures established by NAEA. An international Affiliate is located outside the United States, its possessions and territories; established under and in compliance with the laws of the c o u n t r y in which it was created; and operating in conformity with rules and procedures established by NAEA, to the extent these are not inconsistent with, or in violation of, the laws of the country with which the international Affiliate must comply.

4.2 Affiliate Membership

A Member will be a Member of an Affiliate whose charter includes either the geographic area of the Member's place of residence or employment. However, contiguous Affiliates may agree to allow Members to join each other's Affiliate. The Member will be allowed to continue this non-geographic affiliation until such time as the Member chooses to rejoin the Affiliate in the Member's geographic area.

4.3 Authority to Charter Affiliates

The authority to charter and to modify the territory of existing Affiliates resides with the Board. The Board will establish procedures for the granting of charters at the state, international, or regional level. Only one association-chartered Affiliate will exist for any geographical area.

4.4 Governing Documents

The governing documents of each Affiliate must be in conformity with the Bylaws of the Association for the Affiliate to be chartered or to retain its charter. The governing documents of new domestic and international Affiliates must be approved by the Association before a charter is granted. Bylaws changes by Affiliates must be reported to the Association.

4.5 Membership Requirements

An Affiliate must require that its members maintain membership in the Association. An Affiliate may require its members to maintain membership in a society or chapter within the geographical area of the Affiliate.

4.6 Dues

The Association will allow each Affiliate to set its dues.

4.7 Withdrawal of Charter

Authorization to operate an Affiliate may be withdrawn whenever the Board in good faith determines that any of the following events have occurred:

1. Failure to serve the Members within the Affiliate's area of responsibility;
2. Failure to abide by Association or Affiliate governing documents;
3. Failure to abide by the Association's Code of Ethics and Rules of Professional Conduct.

4.8 Affiliate Liability

Each Affiliate will be solely liable for any debts or obligations it incurs.

ARTICLE V

Directors

5.1 The Board of Directors

The Board of Directors (Board) of the Association will consist of ten Directors at-large and the Officers of the Association.

5.2 Qualifications and Terms of Office

Only Members will be eligible to serve as Directors and Officers of the Board. Directors will be elected to serve a two-year term. A Director may serve up to two consecutive two-year terms. An appointed term or elected term of less than two years will not exclude a Director from serving two additional consecutive two-year terms. The term of office will commence with the annual installation ceremony.

5.3 Election of Directors

Directors of the Association will be elected by electronic ballot. Five Directors will be elected each year. Ballots will be distributed by December 1 to all Members in good standing as of November 1 of the current year. Ballots, in order to be valid, must be received by the close of business on December 15 if a business day, otherwise at the close of the next business day.

5.4 Duties and Responsibilities

The Board will be the governing body of the Association and will have the authority and responsibility for the supervision, control and direction of the Association.

5.5 Governance Year

The governance year commences with the Officers and Directors installation ceremony and will run until the next installation ceremony.

5.6 Removal of Directors

The Board may declare vacant the office of a Director or may remove a Director for any reason in accordance with the California Nonprofit Corporation Law or other law. A Director will be removed from office for unexcused absence from any two regularly scheduled meetings of the Board per governance year.

5.7 Vacancies

A vacancy on the Board occurs if a Director leaves the Board for any reason. A) If the vacancy occurs in the first year of the two-year term, the Board may elect an eligible Member to fill the vacancy or leave the vacancy unfilled until the next installation ceremony. The nominee or candidate with the highest number of votes in the next election who is not elected to a two-year term as Director shall be elected to serve the remaining term of office. B) If the vacancy occurs in the second year of the two-year term, the Board may elect an eligible Member to serve the remaining term of office or leave the vacancy unfilled.

ARTICLE VI

Officers

6.1 Officers of the Association

The Officers of the Association will be a President, who will automatically succeed to the office of Immediate Past President; a President-Elect, who will automatically succeed to the office of President; a Secretary; a Treasurer; and the Immediate Past President, each of whom must be a Member.

6.2 Election of Officers

In even-numbered years, the President-Elect and Treasurer will be elected by the Members in the same manner as prescribed for Directors. In odd-numbered years, the President-Elect and Secretary will be elected by the Members in the same manner as prescribed for Directors.

6.3 Terms of Office

The President-Elect, the President, and the Immediate Past President will each serve a one-year term. The Secretary and the Treasurer will each serve a two-year term. The Secretary and Treasurer may serve up to two consecutive two-year terms. The term of office will commence with the annual installation ceremony and will continue until the expiration of the terms for which elected and until their successors have been installed.

6.4 Removal of Officers

The Board may declare vacant the office of an Officer or may remove an Officer for any reason in accordance with the California Non-Profit Corporation Law or other law. An Officer will be removed from office for unexcused absence from any two regularly scheduled meetings of the Board per governance year.

6.5 Vacancies

6.5.1 If a vacancy occurs in the office of the President, the President-Elect will assume the duties of that office for the remainder of that term and then serve as President for the next term.

6.5.2 If a vacancy occurs in the office of the Immediate Past President, President-Elect, Secretary or Treasurer, the Board will elect an eligible Member to serve the remainder of the term.

6.5.3 Other than the President-Elect assuming the office of President, if a vacancy occurs in the office of the President-Elect, the election of a President and President-Elect for the

following term will be placed before the Membership.

6.6 President

The President is the Chief Executive Officer of the Association.

6.7 Treasurer

The Treasurer is the Chief Financial Officer of the Association.

6.8 Secretary

The Secretary is the official Record Keeper of the Association.

6.9 Executive Vice President

The Board will engage, as an employee, an Executive Vice President who will perform such duties as are prescribed by the Board. The Executive Vice President will serve as an *ex-officio* non-voting member.

ARTICLE VII

Membership Meetings

7.1 Annual Meeting

The Annual Meeting of the Members will be held at a place and time selected by the Board.

7.2 Notice of Annual Meeting

The Secretary, or designee, will issue a notice by mail and/or electronic means of the Annual Meeting at least forty-five days but not more than ninety days prior to the date set.

7.3 Special Meeting

A special meeting of the membership may be called by a petition signed by five percent of the Members as of the date the petition is received at the office of the Association. The Secretary shall promptly attest to the validity of the Members' signatures and that the number of signatures is sufficient to comply with the five percent requirement. The Secretary, or designee, will then issue a call to the special meeting with the agenda of topics to be considered. The meeting will take place under Standing Rules adopted by the Board of Directors. A special meeting of the Association may be called for any lawful purpose. No business other than the business the general nature of which is set forth in the notice of the meeting, will be transacted at a special meeting of the membership.

7.4 Quorum

A quorum at the Annual Meeting of the Members will be a majority of the Members present and whose membership status has been verified by the Association at the meeting. A quorum at a Special Meeting of the Members will be five percent of the Members of the Association. However, if an Annual or Special Meeting of the membership of the Association is attended by less than one-third of the Members, no Bylaws and/or issues may be voted upon except those that were properly noticed under these Bylaws and the California Nonprofit Corporation Law.

7.5 Voting

Each Association Member is entitled to one vote on each matter to be decided at the Annual or Special Meeting of the Association. Cumulative and proxy voting will be prohibited. Unless otherwise specified by these Bylaws, by the California Nonprofit Corporation Law, or by Parliamentary Authority, all matters to come before an Annual or Special Meeting of the Association will be decided by a majority vote of the Members present and whose membership status has been verified at the meeting.

ARTICLE VIII **Board Meetings**

8.1 Call of Meetings

A meeting of the Board of Directors may be called by the President or upon written request of a majority of the Board. A "meeting" of the Board is a gathering of Board Directors for the purposes of conducting Association business.

8.2 Time and Place of Meetings

The time and place for all meetings of the Board will be fixed and determined by the President with the approval of the Board.

8.3 Notice of Meeting

Notice of a meeting of the Board of Directors may be provided in person, by mail and/or electronic means and will contain an agenda and be available to all members at least seven days prior.

8.4 Open Meetings

All regularly scheduled Board meetings other than closed executive sessions will be open to Members. The Board of Directors will meet in a closed executive session when discussing personnel, legal, ethical or similar confidential issues.

8.5 Quorum

A quorum at a meeting of the Board will be a majority of the Board.

8.6 Telephonic/Electronic Meeting

Subject to the requirements of the California Nonprofit Corporation Law, a meeting of the Board may be held by conference via telephone or similar communications equipment. Such meeting will be valid if (1) the Board has been noticed, (2) a majority of the Board participate, and (3) if all participants can hear one another.

8.7 Action by Unanimous Consent

Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors and Officers will individually or collectively consent in writing to such action.

ARTICLE IX **Committees**

9.1 Committees

The Board will establish procedures for the creation and operation of standing committees and task force committees as it deems appropriate.

9.2 Nominating Committee

The President will nominate, for Board confirmation, a Nominating Committee consisting of seven Members for a term of one year. Members may serve a maximum of two consecutive one-year terms. No member of the committee will be a candidate for election.

9.3 Executive Committee

The Executive Committee will consist of the Officers of the Association and one Director elected by the at-large Directors of the Board. The Executive Vice President will serve as an *ex-officio* non-voting member. The Executive Committee will have such powers and authorities as deemed necessary by the Board and as permitted under these Bylaws and the law. The

existence of an Executive Committee will not relieve the Board, or any individual Director, of responsibility imposed on Directors by the Articles of Incorporation, these Bylaws, or the law.

ARTICLE X
Parliamentary Authority

10.01 Parliamentary Authority

The Parliamentary Authority of the Association is Robert's Rules of Order Newly Revised.

ARTICLE XI
Indemnification and Insurance

11.1 Indemnification

To the fullest extent permitted by law, the Association will indemnify and hold harmless any and all past, present, or future Directors and Officers, as identified and defined in these Bylaws, and, in its discretion and in accordance with law, may indemnify and hold harmless any agent or employee of this Association of and from all liabilities, expenses, and counsel fees reasonably incurred in connection with all claims, demands, causes of action, and other legal proceedings to which they may be subjected by reason of any alleged or actual action or inaction in the performance of the duties of such Director, Officer, employee, or agent on behalf of the Association.

The provisions of this Article will be interpreted and applied subject to and in conformance with the provisions of Sections 7237 and 7238 of the California Nonprofit Corporation Law and will be in addition to and exclusive of any rights to which any Director, Officer, employee, or agent may be entitled by law.

11.2 Insurance

The Association will have the right to purchase and maintain insurance to the full extent permitted by law on behalf of all its agents, including Officers, Directors and employees, against any liability asserted against or incurred by the agent in such capacity arising out of the agent's status as such.

ARTICLE XII

Amendment of Bylaws

12.1 Amendment Proposals

Amendments to these existing Bylaws require 2/3 vote of the Members voting. Proposals to amend these Bylaws may be made by either Members of the Association, in which case the proposed amendment(s) must be signed by thirty Members, or by the Board. All proposed amendments will be presented to the Bylaws Committee and shall include a rationale of why it is proposed. The Bylaws Committee will prepare an analysis of the proposed amendment and submit the analysis to the Board with a recommendation for consideration. If the Board votes to submit the proposed amendment to the membership for vote, it will cause the proposed bylaw amendment, together with the analysis of the Bylaws Committee, to be sent to the membership with a 45 day notice, and subsequently submitted to the membership for electronic ballot. If the Board concludes the proposed amendment is not appropriate for submission to the membership, the proponents of the measure will be so notified. However, if the Board elects not to take the proposal to the membership, the proponents of the amendment will have the option of resubmitting the identical proposed amendment after the draft minutes of the Board meeting are posted. The resubmitted proposal must include the Bylaws Committee analysis and the Board action along with the signatures of 150 Members comprised of at least five Members from each of six different Affiliates. The resubmitted proposal must then be properly noticed and submitted to the membership for vote via electronic ballot.

12.2 Amendment by the Board of Directors

Notwithstanding other provisions of this Article, the Board of Directors is authorized to adopt certain Bylaws amendments related to housekeeping corrections only. The authority of the Board is strictly limited to:

1. Renumbering sections after the membership has adopted a Bylaw change.
2. Correcting typographical errors for publication.
3. Making necessary grammatical corrections to published proposals or adopted amendments, provided there is no change to the intent of the proposals or amendments.

NAEA Bylaws approved December 2015.

ARTICLE I

Name, Principal Office, Purposes and Restrictions

1.1 Name

The name of this organization is the National Association of Enrolled Agents, Inc. (Association). The Association is a California nonprofit mutual benefit Corporation, and these bylaws must be in compliance with the California Non-Profit Corporation Law.

1.2 Purposes

The Association may exercise all lawful powers granted to it pursuant to law and may engage in all lawful purposes and activities that advance the enrolled agent profession.

ARTICLE II

Definitions and Parliamentary Authority

2.1 Affiliates

1. The Association will establish Affiliate organizations.

- (i) All members of an Affiliate must be Members of NAEA, and
- (ii) Affiliate boundaries may not overlap.

1. A “domestic” Affiliate is an organization:

- (i) Located within a state, commonwealth, possession or territory of the United States, or the District of Columbia, or
- (ii) Located within two or more contiguous states or the District of Columbia, and
- (iii) Operating in conformity with rules and procedures established by NAEA.

1. An “international” Affiliate is an organization:

- (i) Located outside the United States, its possessions and territories, and
- (ii) Established under and in compliance with the laws of the country in which it was created, and
- (iii) Operating in conformity with rules and procedures established by NAEA, to the extent these are not inconsistent with, or in violation of, the laws of the country with which the international Affiliate must comply.

2.2 Circular 230

“Circular 230” means the United States Treasury Department Circular 230, Title 31 Code of Federal Regulations Subtitle A, Part 10, as amended.

2.3 Member

“Member” will refer to both Members and Members Emeritus.

2.4 Associates

a. The term “Associate(s)” will include any individual who is not an enrolled agent and who is engaged in some aspect of the practice of tax.

b. The term “Academic Associate” will refer to students and instructors who provide proof of enrollment or instruction in colleges or professional schools in tax, accounting, or finance.

2.5 Notice

The “time” of notice referred to in these bylaws is defined as follows for:

- 1. U.S. mail, the date stamped by the USPS;
- 2. Hand-delivery, the time of notice as shown on the record of an IRS-approved carrier;
- 3. Electronic notice, the time stamped on the originating e-mail.

2.6 Meeting

The term “meeting” will be defined as a gathering of Members and Associates for the purposes of conducting Association business.

2.7 Regularly Scheduled Board Meeting

The term “regularly scheduled Board meeting” will be defined as a gathering of the Board of Directors, which usually occurs three times per year, and is noticed in advance as described in Section 9.03.

2.8 Parliamentary Authority

The Association will use a recognized parliamentary authority as specified in the Association’s Policy & Procedure Manual.

2.9 Governance Year

The governance year commences with the Officers and Directors installation ceremony and will run until the next installation ceremony.

ARTICLE III

Members

3.1 Qualifications and Rights of Membership

The Association will have two classes of Members: Member and Member Emeritus. A Member will be a Member of an Affiliate whose charter includes either the geographic area of the Member’s place of residence or employment. However, contiguous Affiliates may agree to allow Members to join each other’s Affiliate. The Member will be allowed to continue this non-geographic affiliation until such time as the Member chooses to rejoin the Affiliate in the Member’s geographic area.

3.2 Member

Membership in the Association is limited to those persons recognized by the United States Treasury Department, Internal Revenue Service as enrolled agents in good standing.

3.3 Member Emeritus

A Member Emeritus will be a person who has been a Member for the preceding five years and who is on "inactive retired status" under Circular 230. A Member Emeritus will not be required to fulfill the requirements for continuing professional education (CPE). The Board may waive the requirement of membership for the preceding five years.

3.4 Member Obligation to Follow Association Rules

Each Member of this Association agrees to abide by these bylaws and any amendments thereto, and by the lawful actions of the Board or the voting Members of the Association. Each Member will abide by the Association's Code of Ethics and Rules of Professional Conduct.

3.5 International Member Obligation to Follow Association Rules

International Members will abide by the rules of the Association but only to the extent said rules are not in violation of any laws or rules of the international country having geographic jurisdiction over the international Member. The international Member will also abide by any rules or laws of the international country.

3.6 CPE Requirements

Each Member will complete thirty hours of qualifying CPE per calendar year. The required hours will be prorated for new Members. Qualifying CPE is defined in the Association's Policy & Procedure Manual.

3.7 Member Liability

No Member will personally or otherwise be liable for any obligations of the Association.

ARTICLE IV

Membership Dues and Assessments

4.1 Setting Annual Dues

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.

4.2 Payment of Dues

Membership dues are due and payable annually per methods approved by the NAEA Board. Once submitted, dues remain the property of the Association unless membership is rejected upon application.

4.3 Assessments

The Board may, upon affirmative vote of two-thirds of the Directors, levy such additional assessments as are necessary to carry out the activities of the Association.

ARTICLE V

Membership Status

5.1 Termination/Suspension of Membership

A membership will be:

1. Terminated upon written notice of resignation to the Association.
2. Suspended for nonpayment of membership dues or assessments thirty days beyond the due date.
3. Terminated for nonpayment of dues or assessments, or non-submission of required CPE hours, seventy-five days beyond the due date.

4. In the event of hardship or extenuating circumstances, the Board, on written request, may waive the payment of delinquent dues and/or CPE required hours.

5.2 Reinstatement

Any Member terminated within the previous six months for nonpayment of dues or non-reporting of required CPE hours, and whose record shows no complaint or charges pending before the Ethics and Professional Conduct Committee, may be eligible for reinstatement.

5.3 Status with Internal Revenue Service

Any Member whose enrollment to practice before the Internal Revenue Service (IRS) is temporarily suspended for any reason by the issuing authority will be automatically suspended from membership during the period of suspension to practice before the IRS. Any Member whose enrollment to practice before the IRS is permanently terminated by the issuing authority will be automatically permanently terminated from the Association.

5.4 Discipline

A Member or an Associate may be disciplined (which may include private or public censure, suspension or expulsion) if:

1. A Member or an Associate violates the Association's Bylaws, Code of Ethics, Rules of Professional Conduct or Circular 230.
2. A Member or an Associate is determined by the Board to have been engaged in an act discreditable to the profession.
3. A Member or an Associate is convicted of a felony.

Actions against a Member or an Associate under this section will be processed in accordance with the current Code of Ethics and Rules of Professional Conduct.

ARTICLE VI

Membership Meetings

6.1 Annual Meeting

The Annual Meeting of the Members will be held at a place and time selected by the Board.

6.2 Notice of Annual Meeting

The Secretary, or designee, will issue a notice by mail and/or electronic means of the Annual Meeting at least forty-five days prior to the date set. Such notice will be in writing and will include:

1. The place, date and time of meeting;
2. The agenda;
3. The text of any proposed matters and/or resolutions for consideration by the membership;
4. If officers and/or directors are to be elected at the meeting, the notice will include the names of all nominees.

6.3 Special Meetings

Special meetings may be called as detailed in the California Non-Profit Corporation Law.

6.4 Quorum

A quorum will be a majority of the Members present and whose membership status has been verified at the Annual Meeting. A quorum at a Special Meeting of the Members will be five percent of the Members of the Association. However, if an Annual or Special Meeting of the membership of the Association is attended by less than one-third of the Members, no bylaws and/or issues may be voted upon except those that were properly noticed under these bylaws and the California Non-Profit Corporation Law.

6.5 Voting

Each Association Member is entitled to one vote on each matter to be decided at the Annual or Special Meeting of the Association. Cumulative and proxy voting will be prohibited. Unless otherwise specified by these bylaws, by the California Non-Profit Corporation Law, or by parliamentary authority, all matters to come before an Annual or Special Meeting of the Association will be decided by a majority of the Members present and whose membership status has been verified at the meeting.

ARTICLE VII

Directors

7.1 The Board of Directors

The Board of Directors (Board) of the Association will consist of ten Directors at large and the Officers of the Association.

7.2 Qualifications and Terms of Office

Only Members will be eligible to serve as Directors and Officers of the Board. Directors will be elected to serve a two-year term. A Director may serve up to two consecutive two-year terms. An appointed term or elected term of less than two years will not exclude a Director from serving two additional consecutive two-year terms. The term of office will commence with the annual installation ceremony.

7.3 Election of Directors

Directors of the Association will be elected by mail or electronic ballot. Five Directors will be elected each year. Ballots will be distributed by December 1 to all Members in good standing as of November 1 of the current year. Ballots, in order to be valid, must be received at the specified return location by the close of business on December 15 if a business day, otherwise at the close of the next business day. Any Member who wishes to run from the floor in addition to the Nominating Committee's nominees may submit his/her intention in writing in the manner and at the time prescribed by the Board.

7.4 Duties and Responsibilities

The Board will be the governing body of the Association and will have the authority and responsibility for the supervision, control and direction of the Association.

7.5 Removal of Directors

The Board may declare vacant the office of a Director or may remove a Director for any reason in accordance with the California Non-Profit Corporation Law or other law. A Director will be removed from office for unexcused absence from any two regularly scheduled meetings of the Board per governance year.

7.6 Vacancies

Notwithstanding any other sections of these bylaws, if a directorship becomes vacant for any reason, the Board may select a Member to fill the vacancy. A) If the vacancy occurs in the first year of the two-year term and is fifteen days or more prior to the beginning of interviews by the Nominating Committee, the Board may select a Member to fill the vacancy until the next installation ceremony. The nominee or candidate with the highest number of votes in the next election who is not elected to a two-year term as Director shall be elected to serve the remaining term of office. B) If the vacancy occurs at a time other than described in A), the Board may select a Member to serve the remaining term of office.

ARTICLE VIII

Officers

8.1 Officers of the Association

The Officers of the Association will be a President, who will automatically succeed to the office of Immediate Past President; a President-Elect, who will automatically succeed to the office of President; a Secretary; a Treasurer; and the Immediate Past President, each of whom will be a Member. The Officers will have such authority and responsibility customary for their office, and in accordance with the law, bylaws, and policies and procedures of the Association.

8.2 Election of Officers

In even-numbered years, the President-Elect and Treasurer will be elected by the Members in the same manner as prescribed for Directors. In odd-numbered years, the President-Elect and Secretary will be elected in the same manner as prescribed for Directors.

8.3 Terms of Office

The President-Elect, the President, and the Immediate Past President will each serve a one year term. The Secretary and the Treasurer will each serve a two year term. The Secretary and the Treasurer may serve up to two consecutive two year terms. The term of office will commence with the annual installation ceremony and will continue until the expiration of the terms for which elected and until their successors have been installed.

8.4 Removal of Officers

The Board may declare vacant the office of an Officer or may remove an Officer for any reason in accordance with the California Non-Profit Corporation Law or other law. An Officer will be removed from office for unexcused absence from any two regularly scheduled meetings of the Board per governance year.

8.5 Vacancies

If a vacancy occurs in the office of the Immediate Past President, President, Secretary or Treasurer, the Board will elect a Member to serve the remainder of the term. If a vacancy occurs in the office of the President-Elect, the Board will elect a member to assume the duties of that office for the remainder of that term, and the election of a President for the following term will be placed before the membership.

8.6 President

The President will be the Chief Executive Officer of the Association.

8.7 Treasurer

The Treasurer will be the Chief Financial Officer of the Association.

8.8 Secretary

The Secretary will be the official Record Keeper of the Association.

8.9 Executive Vice President

The Board will engage, as an employee, an Executive Vice President who will perform such duties as are prescribed by the Board. The Executive Vice President will be considered an Officer for all purposes except that the Executive Vice President is not a Member of the Association, and, therefore may not vote on matters reserved for Members. The Executive Vice President will be an ex officio non-voting member of the Board. The Executive Vice President will have a written employment contract.

ARTICLE IX

Board Meetings

9.1 Call of Meetings

A meeting of the Board of Directors may be called by the President or upon written request of a majority of the Board.

9.2 Time and Place of Meetings

The time and place for all meetings of the Board will be fixed and determined by the President with the approval of the Board.

9.3 Notice of Meeting

Written notice of a regularly scheduled meeting will contain an agenda and be distributed at least seven days prior thereto by the Secretary, or designee, to the Board and to the President of each Affiliate.

9.4 Open Meetings

All regularly scheduled Board meetings will be open to Members. Members attending these meetings will be heard. The Board of Directors will meet in a closed executive session when discussing personnel, legal, ethical or similar confidential issues.

9.5 Quorum

A quorum at a meeting of the Board will be a majority of the Board.

9.6 Telephonic/Electronic Meeting

Subject to the requirements of the California Non-Profit Corporation Law, a meeting of the Board may be held by conference via telephone or similar communications equipment. Such meeting will be valid if (1) the Board has been noticed, (2) a majority of the Board participate, and (3) if all participants can hear one another.

9.7 Action by Unanimous Consent

Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors and Officers will individually or collectively consent in writing to such action.

ARTICLE X

Committees

10.1 Committees

The Board will establish procedures for the creation and operation of standing committees and task force committees as it deems appropriate. Committee Chairs will be Members and the majority of the committee will be comprised of Members.

10.2 Nominating Committee

The President will nominate, for Board confirmation, a Nominating Committee consisting of seven Members for a term of one year. Members may serve a maximum of two consecutive one-year terms. No member of the committee will be a candidate for election. No later than

fifteen days after the end of the annual meeting of the current year, the Committee will submit a report to the Board and the membership nominating at least one but not more than two nominees for each Director and Officer position which is vacant or scheduled for replacement. Nominations will close no more than 120 days before the day Directors are to be elected.

10.3 Executive Committee

The Executive Committee will consist of the Officers of the Association and one Director elected by the Board. The Executive Vice President will serve as an ex-officio non-voting member. The Executive Committee will have such powers and authorities as deemed necessary by the Board and as permitted under these bylaws and the law. The Executive Committee's actions, if any, will be reported to the Board within fourteen days, or at the next meeting of the Board, whichever is sooner. The existence of an Executive Committee will not relieve the Board, or any individual Director, of responsibility imposed on Directors by the Articles of Incorporation, these bylaws, or the law.

ARTICLE XI

Organizational Year

11.01 Fiscal Year

The fiscal year of the Association will be from July 1 through June 30, or such other period as is recommended by the Treasurer and approved by the Board.

ARTICLE XII

Affiliates, Societies, and Regions

12.1 Authority to Charter Affiliates

The authority to charter and to modify the territory of existing Affiliates resides with the Board. The Board will establish procedures for the granting of charters at the state, international, or regional level. Only one association-chartered Affiliate will exist for any geographical area.

12.2 Charters

Bylaws of new domestic Affiliates and the governing documents of international Affiliates will be approved by the Association before a charter is granted.

12.3 Governing Documents

The governing documents of each Affiliate must be in conformity with the bylaws of the Association for the Affiliate to be chartered or to retain its charter. Bylaws changed by Affiliates will be reported to the Association. In case of conflicts between bylaws changed by an Affiliate with the Association bylaws, the Affiliate must be notified that its governing document must be amended, unless the amendment would be in conflict with state law.

12.4 Dues and Application Fees

The Association will allow each Affiliate to set its dues.

12.5 Membership Requirements

An Affiliate must require that its members maintain membership in the national Association. An Affiliate may require its members to maintain membership in a society or chapter within the geographical area of the Affiliate.

12.6 Withdrawal of Charter

Authorization to operate an Affiliate may be withdrawn whenever the Board in good faith determines that any of the following events have occurred:

1. Failure to serve the Members within the Affiliate's area of responsibility;
2. Failure to maintain and/or increase membership in relation to the member-prospect base;
3. Failure to abide by Association bylaws;
4. Failure to abide by the Association's Code of Ethics and Rules of Professional Conduct.

Such withdrawal under this section will be predicated upon a thorough investigation as specified in the Association's Policy & Procedure Manual.

12.7 Affiliate Liability

Each Affiliate will be solely liable for any debts or obligations it incurs.

ARTICLE XIII

Associates

13.1 Associate Category

The Board may establish an Associate category for any individual who is not an enrolled agent and who is engaged in some aspect of the practice of tax.

13.2 Associate Matters

1. The Board will determine all other matters including, but not limited to: dues, period of affiliation, qualifications, restrictions, privileges and benefits, discipline, and termination of Federally Authorized Practitioner Associates(s) and Associate(s) status.
2. Associates will abide by the Association's Code of Ethics and Rules of Professional Conduct.
3. Associates will be required to meet the same CPE requirements as Members and annually report to the Association the fulfillment of those CPE requirements.
4. No enrolled agent or other individual who has been removed from practice under the provisions of Circular 230 will qualify for Associate status.
5. Associates shall not have the right to vote on any issue that comes before the Association.
6. Associates shall not hold elective office in the Association.

13.3 Academic Associate Category

1. Individuals who are defined in Circular 230 or those who have been removed from practice under the provisions of Circular 230 are not eligible for this category.
2. Students and instructors eligible for this category must provide proof of enrollment or instruction in high schools, colleges or professional schools.

3. Academic Associates will not retain voting rights nor will they be eligible to hold elected office. Members of this category will abide by the Association's Code of Ethics and Rules of Professional Conduct
4. Students may retain this classification of membership for a period of no longer than ten years before full associate or regular membership dues will be required. Instructors may belong to this category so long as requirements for eligibility are met.
5. Membership benefits and dues shall be under the purview of the Board.

13.4 Affiliates' Associates

1. Affiliates may recognize other "Associate" categories to persons not otherwise eligible for membership.
2. Affiliates and chapters will not use the word "member" in the title of any Associate or in any official document provided to the Associate. Any such Associate status will be reported to the Association.
3. Affiliates will not allow Associates to vote on any issue before the Affiliates' members nor to hold elective or appointed office.

ARTICLE XIV

Indemnification and Insurance

14.1 Indemnification

To the fullest extent permitted by law, the Association will indemnify and hold harmless any and all past, present, or future Directors and Officers, as identified and defined in these bylaws, and, in its discretion and in accordance with law, may indemnify and hold harmless any agent or employee of this Association of and from all liabilities, expenses, and counsel fees reasonably incurred in connection with all claims, demands, causes of action, and other legal proceedings to which they may be subjected by reason of any alleged or actual action or inaction in the performance of the duties of such Director, Officer, employee, or agent on behalf of the Association.

The provisions of this Article will be interpreted and applied subject to and in conformance with the provisions of Sections 7237 and 7238 of the California Non-Profit Corporation Law and will

be in addition to and exclusive of any rights to which any Director, Officer, employee, or agent may be entitled by law.

14.2 Insurance

The Association will have the right to purchase and maintain insurance to the full extent permitted by law on behalf of all its agents, including Officers, Directors and employees, against any liability asserted against or incurred by the agent in such capacity arising out of the agent's status as such.

ARTICLE XV

Dissolution

15.01 Dissolution

The dissolution or winding up of the Association will follow the requirements of the California Non-Profit Corporation Law. Upon dissolution, it will be the obligation of the Treasurer to ensure that all just debts and claims against the Association are paid. Any funds remaining after payment of all debts and obligations will be distributed to one or more regularly organized and qualified charitable, educational, scientific or philanthropic organizations exempt from taxation under Section 501 of the Internal Revenue Code. Such organizations are to be selected by the Board.

ARTICLE XVI

Amendment of Bylaws

16.01 Amendment Proposals

Amendments to these existing bylaws require 2/3 vote of the Members voting. Proposals to amend these bylaws may be made by either Members of the Association, in which case the proposed amendment(s) must be signed by thirty Members, or by the Board. All proposed amendments will be presented to the Bylaws Committee and shall include a rationale of why it is proposed. The Bylaws Committee will prepare an analysis of the proposed amendment and submit the analysis to the Board with a recommendation for consideration. If the Board votes

to submit the proposed amendment to the membership for vote, it will cause the proposed bylaw amendment, together with the analysis of the Bylaws Committee, to be sent to the membership with a 45 day notice, and subsequently submitted to the membership for electronic ballot. If the Board concludes the proposed amendment is not appropriate for submission to the membership, the proponents of the measure will be so notified. However, if the Board elects not to take the proposal to the membership the proponents of the amendment will have the option of resubmitting the identical proposed amendment after the draft minutes of the Board meeting where the action occurred are posted. The resubmitted proposal must include the Bylaws Committee analysis and the Board action along with the signature of 150 Members, comprised of at least five Members from each of the six different affiliates. The resubmitted proposal must then be properly noticed and submitted to the membership for vote via electronic ballot.

Approved as of December 2015

Policy & Procedure Manual (PPM)

The following NAEA policies and procedures supplement the NAEA Bylaws. (In the event that this document is in conflict with the Association Bylaws, the Bylaws will take precedence.)

Part I – Knowledge Based Decision Making (KBDM)

One role of the NAEA Board of Directors (Board) is to provide oversight of the Association. The method for doing so is in the adoption of the principles of Knowledge Based Decision Making. Here are the specific principles of KBDM as applied to the Association.

1.1 KBDM is applied to both strategic and tactical decisions. Strategic decisions are spelled out in the Association's strategic plan and in appropriate charges to Board Committees. Board Directors are expected to participate in strategic discussions at each Board meeting. Tactical decisions are made through motions brought to the Board during Board meetings.

1.2 KBDM is applied to any given issue through exploration of the following four areas.

1.2.1 **Members:** What knowledge do we have of our member's needs, wants, and preferences that pertain to this issue?

1.2.2 **Resources:** What knowledge do we have of our financial resources, staff expertise and availability that pertain to this issue?

1.2.3 **Environment:** What knowledge do we have of the direction of our profession and our strategic plan that pertain to this issue?

1.2.4 **Ramifications:** What knowledge do we have of the consequences (positive, neutral, or negative) of taking or not taking action that pertain to this issue?

These questions are applicable to both strategic issues and tactical questions.

1.3 Strategic issues are brought to the Board by the President in setting the agenda with consultation from the Executive Vice President, the Executive Committee, and individual Board Directors. Background for such issues are made available in the Board Book and, when appropriate, reference the four areas detailed in PPM 1.2.

1.4 Tactical issues are brought to the Board through motions from Committees or individual Board Directors. Background for such motions are made available in the Board Book and, when appropriate, reference the four areas detailed in PPM 1.2.

1.5 The Bylaws, PPM, Committee Charges and Standard Operating Procedures (SOP), Code of Ethics and Rules of Professional Conduct, and Officer/Director Job Descriptions are considered the governing documents of the Association. Amendments to the Bylaws are approved by the

Membership as outlined in the Bylaws. Changes to the PPM and the Code of Ethics and Rules of Professional Conduct are approved by the Board through Board Motions (and not contained in the consent agenda). Changes to the Committee Charges and SOP and Officer/Director Job Descriptions are approved by the Board and may be contained in the consent agenda.

1.6 The Bylaws and Governance Committee and the NAEA Executive Vice President (EVP) are authorized to adopt certain changes in the PPM, Committee Charges and SOP, Code of Ethics and Rules of Professional Conduct, and Officer/Director Job Descriptions related to housekeeping corrections only. This authority is strictly limited to:

1.6.1 Renumbering sections after the Board has adopted a change.

1.6.2 Correcting typographical errors for publication.

1.6.3 Making necessary grammatical corrections to adopted changes, provided there is no change to the intent of the change.

1.7 The Bylaws and Governance Committee will perform a full review of the Association's governing documents every five years. The next review is scheduled for the 2022 – 2023 governance year.

Part II – Board

2.1 The Board will hold no fewer than two meetings between annual meetings. For Board Members, attendance will be mandatory for all meetings of the Board. A Board member will be automatically excused upon notice of the Member's illness or emergency situation or notice of an illness, death or emergency situation relating to a family member. An excused absence will also be allowed in case of conflict arising from a change in original schedule. A Director or Officer will be removed from office as stipulated by the Bylaws for unexcused absences from two regularly scheduled meetings or informational calls of the Board per governance year.

2.2 All agenda items submitted by Board Members and Committee Chairs must be submitted to the EVP 30 days prior to each scheduled Board meeting. The EVP will issue a call for such items two weeks before this deadline. All reports will be submitted on Association letterhead when possible. Any recommendation or motion for Board consideration will be included in the report. All motions and strategic discussion issues should have background material as detailed in PPM 1.3 and 1.4.

2.3 All agendas, minutes, reports and other material relevant to the Board meeting will be contained in a Board Book and distributed for study by the Board members and posted on the NAEA website 21 days prior to each meeting. Draft minutes from a Board meeting shall be posted no later than 30 days after the Board meeting.

2.4 The President will Chair the Board Meetings and run the Board meetings in accordance with Robert's Rules of Order, Newly Revised (RONR). The President may make use of a Parliamentarian for assistance in conducting the meeting.

2.4.1 Strategic Issues are considered for committee of the whole discussion where the Chair may participate in discussion. The Chair maintains the right during these discussions to rule any Board Member or Guest out of order for inappropriate comments or behavior.

2.4.2 Formal motions offered during a meeting of the Board will be in writing with a copy provided to the Secretary.

2.4.3 Guests in attendance may speak in debate on the same question during a business meeting no more than twice and may not hold the floor more than a total of five (5) minutes without permission of the Board.

2.5 All Board Officers and Directors will be trained on an annual basis in KBDM and RONR as utilized by NAEA for its Board meetings.

2.6 The Board will not allow videotaping of Board or Committee meetings unless specifically authorized by the Board for a given meeting. Audio recordings are allowed at Board meetings and it will be identified when recording begins. Audio recordings are not permissible in Executive Sessions or during board conference calls. Audio recordings will be retained until such time as the minutes are formally approved.

2.7 Each member of the Board will be reimbursed for expenses to and from Board and other meetings that require attendance in accordance with the volunteer reimbursement policies as set forth in PPM 6.7.

2.8 The Board will approve the annual budget and all Committee charges and SOP, taking the Strategic Plan into account.

2.9 If an at-large Director position becomes vacant for any reason the Board will consider a motion, at the next regular scheduled meeting or at a special meeting called for that purpose, to fill the vacant seat. If the motion fails, the seat will not be filled. If the motion carries, filling the vacancy will be the next order of business. Nominations to fill the vacant seat will only be received from members of the Board. Discussions will only be heard from members of the Board. Any Member in good standing may be nominated, other than someone who has completed two consecutive terms on the Board within the last 12 months. The Board will conduct a secret ballot using Instant Run-Off Voting to elect a Member to fill the board vacancy. Ballots will be collected and tallied by the Secretary and the EVP. The winning individual, if available, will be immediately installed by the NAEA President and assume the responsibilities of Director.

2.10 If an Officer position becomes vacant for any reason the Board will, at the next regular scheduled meeting or at a special meeting called for that purpose, fill the vacant office. Nominations to fill the vacant office will only be received from members of the Board. Discussions will only be heard from members of the Board. Any Member in good standing may be nominated, other than someone who has completed two consecutive terms in that office within the last 24 months. The Board will conduct a secret ballot using Instant Run-Off Voting to elect a Member to fill the vacancy. Ballots will be collected and tallied by the NAEA President and the EVP. The winning individual, if available, will be immediately installed by the NAEA President and assume the Officer responsibilities. If an at-large Director vacates her or his position to assume the duties of the office, then this vacancy will be the next order of business for the Board following PPM 2.9.

Part III – Committees, Advisory Boards and Task Forces

3.1 The President will appoint the Chairs of the following standing committees, subject to Board confirmation: Audit, Awards, Bylaws and Governance, Educating America, Education, Ethics and Professional Conduct, Government Relations, Membership, Nominating, PAC Steering, and Public Relations. All Chairs will be Members in good standing. The President may, with good reason, replace a Chair and appoint a new Chair, subject to Board confirmation.

3.2 The President will appoint NAEA Officers and Directors as needed to assist in the functioning of Committees. Every Board Member is expected to serve as a liaison to at least one committee. Staff liaisons are appointed by the EVP and report to the EVP.

3.3 Committees may create (and dissolve) permanent subcommittees. A Chair of a Committee may create or appoint such task forces or advisory boards as deemed appropriate. Subcommittee and task force chairs will be Members.

3.4 The term of a Chair or any Committee Member is one year, the governance year. Each Committee Chair selects the Members of the Committee, in consultation with and subject to the approval of the NAEA President. Subcommittee, task force, and advisory board chairs select the Members of the Subcommittee, task force or advisory board, subject to the approval of the Committee Chair.

3.5 The Executive Committee, led by the President-Elect and after consultation with the Board, conducts the EVP's annual performance review (see PPM, Part 13).

3.6 The Schuldiner/Smollan Memorial Fund Advisory Board is composed of three members with staggered terms of three years (not the one year as stated in PPM 3.4. The President will appoint (subject to Board approval) one member each year to serve on the Advisory Board. The Chair will be the member serving the third year of his/her term.

3.7 The Awards Committee will adhere to the following policies:

3.7.1 Nominations may be received from any Member or Associate

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

3.7.3 Awards may be given posthumously.

3.7.4 Other than the Founder's Award, awardees are eligible to win an award more than once.

3.7.5 Employees of NAEA or any state affiliate are ineligible to receive the NAEA Outstanding Supporter Award.

Part IV – Bylaws

4.1 Bylaws amendments are to be brought to the membership for approval through a carried Board motion or by the petition process as outlined in the Bylaws. Proposed Bylaws amendments will be reviewed by the Bylaws and Governance Committee.

4.2 All Bylaws amendments are to be voted on by the Members (as defined in the Bylaws) via electronic ballot.

4.2.1 The Board will establish procedures to ensure the validity of the election, including but not limited to the decision to contract with an outside election company.

4.2.2 The wording on the ballot (including pro and con arguments) will be prepared by the Bylaws and Governance Committee.

4.2.3 A sample ballot will be published in the *EA Journal*. This ballot will not be considered official and will not be accepted for count in an election.

4.2.4 Ballots must be distributed to all members in good standing on the date of record 30 days prior to the dispersal of the ballots.

4.2.5 Only official electronic ballots received by the deadline will be counted.

4.2.6 The Secretary will certify the results of the vote. Results will be announced in the next issue of the E@lert and the *EA Journal* and posted on the NAEA website. If the amendments carry, a new version of the NAEA Bylaws will be posted on the NAEA website within two weeks of this certification.

Part V – Elections and Nominations

5.1 All Members who seek to serve on the NAEA Board must follow the procedures of the Nominating Committee and must be interviewed by this Committee. Any candidate for President-Elect must be a current member of the NAEA Board.

5.2 The following Nominating Committee procedures will be followed:

5.2.1 In-person interviews with the Nominating Committee are preferred, but videoconferencing or other electronic means that allow the full Nominating Committee to view and communicate with the applicant are permitted. The entire cost, if any, will be borne by the

candidate who requests the alternate interview method.

5.2.2 The slate of nominees for Officers and Directors will be published to the membership no later than 15 days after the annual meeting.

5.2.3 Members interviewed by the Nominating Committee, but not chosen as a nominee, may declare their candidacy for the one position for which they interviewed, in writing to NAEA's EVP, no later than 15 days after the slate of nominees has been published.

5.2.4 The Nominating Committee will prepare an announcement that will include the biography, statement of goals, and an answer(s) to a common question(s) of all nominees and declared candidates, along with the instructions for voting. This announcement will be communicated no later than December 1 to all members in good standing as of November 1 of the current year.

5.2.5 Nominating Committee members will be reimbursed for reasonable expenses incurred during the interview process subject to the guidelines noted in PPM 6.7.

5.3 The following campaign guidelines will be followed:

5.3.1 For individual nominees, campaign materials shall focus on issues that impact the advancement of the enrolled agent credential. Campaign materials will not disparage nor include negative information or comments regarding other candidates. Candidates can employ social media to campaign, but this media cannot be of NAEA or affiliate origins. NAEA may facilitate 2–3 minute candidate interviews and make those available to the Members.

5.3.2 Campaign materials distributed at NAEA meetings can be distributed by use of NAEA, provided tables located in common areas only. Space is limited to approximately two (2) pieces of 8.5" x 11" paper to showcase a flyer and/or give-away items. To avoid a conflict of interest, please do not ask the staff to stock the table with your material or ship the items back to you. At NAEA hosted events, the Chair of the Nominating Committee may designate a Member (who is not campaigning) to monitor the use of the campaign table. This volunteer member will not receive compensation or reimbursement for these services. Due to time restraints, presentations to audiences of any meeting are not permitted.

5.3.3 Affiliates should encourage all members to vote in the national election. Affiliates are encouraged to remain neutral and will not encourage or discourage voting for a specific candidate(s).

5.4 Electronic ballots will be used for Officer and Board elections

5.4.1 The Board will establish procedures to ensure the validity of the election, including but not limited to the decision to contract with an outside election company.

5.4.2 Each association member (as defined in the Bylaws) in good standing on November 1 of the current year will receive a ballot with the names of all nominees and candidates (if applicable) for each elective position.

5.4.3 A sample ballot will be published in the *EA Journal*. This ballot will not be considered official and will not be accepted for count in an election. The names of all nominees

for each position will be listed in alphabetical order followed by the names of all candidates for that same position listed in alphabetical order.

5.4.4 Only official electronic ballots received by the deadline will be counted.

5.4.5 The NAEA President will appoint a Chief Teller who is not a current member of the Board to certify the results of the election. The results will be certified no later than December 31 and will be published in the next issue of the E@lert and the *EA Journal* and posted on the NAEA website. The results of the NAEA election will be made available to any member upon request submitted to the EVP.

Part VI – Finance

6.1 The Executive Committee is authorized to approve short-term loans (not to exceed \$75,000) as necessary to ensure operational solvency. Short-term loans in excess of \$75,000 require approval by the Board.

6.2 All property and equipment expenditures of less than \$1,000 will be charged to office expense. Capital expenditures in excess of \$5,000 will have prior approval of the Board. The President and Treasurer can approve emergency expenditures.

6.3 The EVP will open and inspect all bank statements as an internal control. Monthly financial statements, showing actual income and expenses compared to budget, will be distributed to the Board in a timely manner.

6.4 The bank signatures for all NAEA accounts will include the following: Executive Vice President, President and Treasurer. Checks written in excess of \$25,000 will require two signatures.

6.5 All surplus funds at the end of the fiscal year are to be placed in Board unrestricted reserves. The Board unrestricted reserves may be accessed only by two-thirds vote of the Board. The unrestricted reserves may be used for new programs or projects consistent with the Strategic Plan, capital expenditures, or unforeseen circumstances that may arise during a fiscal year. The unrestricted reserves include a Board Restricted account called the Succession/Unexpected Strategic Initiatives account (S/USI). This account is specifically earmarked for EVP succession costs and to cover costs for unexpected revenue opportunities that may arise.

6.6 Pursuant to the requirements of the Sarbanes-Oxley Act, the Audit Committee of the NAEA Board will maintain procedures with respect to the receipt, retention and treatment of complaints regarding NAEA's accounting, internal controls, auditing matters or violations of NAEA's Code of Ethics and Rules of Professional Conduct. Procedures are also identified that allow NAEA employees to submit confidential and anonymous concerns about questionable

accounting or auditing matters. All concerns in this policy should be reported to the NAEA President-Elect for action. Based upon the nature of the complaint, it will be forwarded to the Audit or Executive Committee for consideration and action. NAEA and its management may not discharge, demote, suspend, threaten, harass or discriminate in any manner in the terms and conditions of employment based upon any employee's good faith complaint relating to NAEA's accounting, internal accounting controls, auditing matters or violations of NAEA's Code of Ethics and Rules of Professional Conduct.

6.7 Unless otherwise stated, a member volunteer, whose services and/or attendance has been requested by the NAEA EVP or NAEA President, will be reimbursed for expenses incurred as a result of NAEA business using the following guidelines:

6.7.1 Expenses must be reported on an approved expense form and must be submitted within 45 days of the expense.

6.7.2 Expenses in excess of \$50 must be documented by receipts (original or electronic copy).

6.7.3 Air travel to and from the location will be limited to the lowest fare available. Other modes of travel are authorized and will be reimbursed in accordance with the current IRS mileage rate provided the total does not exceed that of the lowest fare available.

6.7.4 Lodging at the NAEA rate as required by the meeting schedule, to include the night before and/or the night following if necessitated by travel availability.

6.7.5 Transportation to and from the airport at the lowest published fare or IRS mileage rate plus parking, whichever is lower.

6.7.6 A per diem using the IRS M&IE rate for the location for each meeting day and one-half per diem for each travel day. If meals are provided during the meeting days, the per diem will be adjusted accordingly.

6.7.7 Reimbursements will be processed within 30 days of the date of submittal.

6.8 NAEA will not provide financial assistance to members who are appointed to national IRS Advisory Committees unless they serve as official NAEA representatives.

6.9 State Affiliates requesting NAEA to re-issue uncashed state dues check(s) may be charged the prevailing bank charge(s) for stop-payment fee(s) if the State Affiliate is unable to return the uncashed check(s) to NAEA.

Part VII – Membership

7.1 The effective date of membership of new applicants will be the day the application is processed by NAEA.

7.2 NAEA membership will operate on an anniversary method of dues renewal. Members and associates joining from the first through the 15th will have an expiration date of the last day of the prior month in the following year. Members and associates joining from the 16th through the end of the month will have an expiration date of the last day of the month in which they joined in the following year.

7.3 Dues and initiation fees will be the same for Members and associates. Member emeritus dues will be set at 25% of regular dues.

7.4 Members and associates will receive a renewal invoice three (3) months prior to their expiration date. NAEA reserves the right to assess a \$20 late fee on any Member who has not paid his/her dues 30 days after his/her expiration date. Suspension and termination will occur as outlined in NAEA Bylaws Article III, Membership Status, and 3.09 Termination/Suspension of Membership. Upon suspension, any Member or associate ceases to be eligible for any benefit until such time as the suspension is lifted. For annual review and analytic purposes, the number of active (non-terminated) members and associate members will be reported as of the beginning of each fiscal year (July 1st.) Similarly, year-end membership numbers will be reported as of June 30th.

7.5. Associate categories are created (or dissolved) by the Board. Associates will abide by the Association's Bylaws and Code of Ethics and rules of Professional Conduct. Associates will be required to meet the same continuing education (CE) requirements as Members and annually report to the Association the fulfillment of those CE requirements. Associates will receive the same benefits as Members, but will not have the right to vote on any issue that comes before the Association. Associates are not eligible to hold elective office in the Association or serve as a Chair of a Committee, Subcommittee, Task Force, or Advisory Board. No enrolled agent or other individual who has been removed from practice under the provisions of circular 230 will qualify for Associate status.

7.5.1 **Associate.** Someone professionally involved in the tax industry who is not an enrolled agent.

7.5.2 **Academic Associate.** Students and instructors involved in learning or instruction at institutions teaching tax, accounting, or finance.

7.6 Requests from any Member or associate for waiver of dues will be submitted with all pertinent facts to the appropriate NAEA staff individual. That individual will discuss the facts with the NAEA President and EVP and a decision of approval or denial will be made. In the case of a denial, the member has the right to appeal the decision in writing to the Executive Committee. Any Member or associate granted a waiver of dues will be advised that the waiver is for NAEA dues only and that a request to an Affiliate (if applicable) must be made. NAEA will notify the requisite affiliate of any waiver. The identity of the Member or associate, as well as the circumstances with regard to the waiver, will be maintained in the strictest of confidence.

Dues waivers will be granted for one NAEA fiscal year. Ordinarily, waivers will not be granted for the same circumstances for subsequent years.

7.7 NAEA may, at its sole discretion, market and solicit directly to potential Members and associates. NAEA may reduce national dues or waive initiation fees for potential Members for the first year of membership only. NAEA may offer reduced state dues only with the express permission of the State Affiliate.

7.8 Members and associates must attest to the completion of the 30 hours NAEA CE requirements prior to or concurrent with renewing their membership. NAEA will have a CE attestation form available on the NAEA website and will include information on the CE renewal process with the renewal information sent to Members and associates. Enrolled agents who initially receive their NAEA membership card during the current year must complete a total of at least 2 hours of CE per month for the remainder of that year. Enrollment in any part of the month (i.e. January 31 or February 28) is considered enrollment for the entire month. NAEA Members who report less than the minimum hours must earn the missing CE hours in the next calendar year, in addition to the 30 hours required for that year. Members may not report more than 30 hours of CE in a year with the intention of lessening the requirement for future years. In accordance with IRS requirements for enrollment renewal, Members must earn at least 2 hours of Ethics in each calendar year.

7.8.1 CE as defined by IRS guidance will qualify towards NAEA's CE requirement. CE in the areas of state and local taxation or practice management will be eligible for purposes of the additional hours of CE required by NAEA. For associates studying to become an enrolled agent, the SEE Preparation classes will be eligible for purposes of the additional hours of CE required by NAEA.

7.8.2 Requests from any Member or associate for waiver of CE will be submitted with all pertinent facts to the appropriate NAEA staff individual. That individual will discuss the facts with the NAEA President and EVP and a decision of approval or denial will be made. In the case of a denial, the member has the right to appeal the decision in writing to the NAEA President. NAEA will notify the requisite Affiliate of any CE waivers granted. The identity of the Member or associate, as well as the circumstances with regard to the waiver, will be maintained in the strictest of confidence. CE waivers will be granted for one calendar year. Ordinarily, waivers will not be granted for the same circumstances for subsequent years.

7.9 Approval of CE waivers will fall into two (2) categories:

7.9.1 Individuals who cannot or will not complete the requirements under Circular 230 and have requested and been granted a waiver by the Return Preparer Office (RPO). NAEA will follow the RPO grant of CE waiver, providing all dues are current.

7.9.2 Individuals who request a full or partial waiver for a specific year of the NAEA education requirement set forth in Section 3.06 of the Bylaws. NAEA will review these requests on a case-by-case basis.

7.10 The Code of Ethics and Rules of Professional Conduct will be made available to all Members and Associates. The Ethics and Professional Conduct Committee will perform a full review of the Code of Ethics and Rules of Professional Conduct every five years. The next review is scheduled for the 2019 – 2020 governance year.

Part VIII – Affiliates

8.1 Authorization to charter or modify the territory of existing Affiliates resides with the Board as stated in Section 4.03 of the Bylaws. Authorization to operate an Affiliate may be withdrawn as prescribed in Bylaw Section 4.07.

8.2 The NAEA Board may modify the territory of an existing Affiliate upon request by that Affiliate. To request a change in territory, the Affiliate will notify the NAEA President in writing. The NAEA President will convene the Board at a regularly scheduled meeting or by conference call to consider the request.

8.3 Affiliates may establish other “Associate” categories to individuals not otherwise eligible for membership. Affiliates (and Chapters of those Affiliates) will not use the word “member” in the title of any associate or in any official document provided to the associate. Any such Associate category will be reported to the Association. Affiliates will not allow Associates to vote on any issue before the Affiliates’ members nor to hold elective or appointed office.

8.4 NAEA may require an Affiliate to submit its governance documents, including but not limited to a current copy of Bylaws, policy and procedure manual, tax documents or financial statements.

8.5 Within five (5) days after knowledge of an infraction of the Affiliate Charter occurring on the part of an Affiliate, the NAEA President will notify the current Affiliate President and outline the infraction and possible remedies. The Affiliate President will have 30 days to respond in writing, acknowledging the infraction, detailing how the situation will be remedied and a timetable for the correction. If the Affiliate is unresponsive, uncooperative or if the proposed solution is deemed insufficient to remedy the situation, the NAEA President will convene the NAEA Board by conference call or at a regularly scheduled meeting to explore options.

8.6 Should the NAEA Board vote to withdraw an Affiliate charter, the NAEA President will notify the Affiliate of the effective date of charter withdrawal. All current NAEA members within the territory of the Affiliate will be notified of the NAEA Board's vote to withdraw the charter within 15 days, regardless of whether the Affiliate opts to appeal the decision. Members in the state will retain their membership in NAEA and are free to join another NAEA Affiliate if desired. Any member requesting a refund for state dues will be referred directly to the former State Affiliate.

8.7 To appeal the NAEA Board's decision for the withdrawal of a Charter, the Affiliate President must notify the NAEA President in writing within 15 days of the notice. New documentation or a new plan to resolve the situation must accompany the appeal, otherwise the appeal is deemed insufficient and the Board's decision is upheld. NAEA's President will convene the NAEA Board by conference call or at a regularly scheduled meeting to review the appeal request. The NAEA President will notify the Affiliate of the final decision. NAEA will not issue a new charter to any other Affiliate or potential Affiliate for the geographic area until all appeal rights have been exhausted by the current Affiliate.

Part IX – Affiliate Council

9.1 The Affiliate Council is a committee comprised of six (6) Members elected by the NAEA Affiliate presidents. Affiliate Council members are elected by the Affiliate presidents each January. Three (3) members are elected annually to serve a two (2) year term. Candidates complete a Council Nomination Form, in late November or early December. Information is distributed to the Affiliate presidents before the election. Council member terms coincide with the NAEA governance year and commences immediately after the NAEA officers and directors are installed, usually in late April or early May. The Affiliate Council Chair is elected annually to a one (1) year term by the members of the Affiliate Council.

9.2 The Council is tasked with coordinating efforts to build a strong affiliate network and is instrumental in the planning of the semi-annual affiliate exchange training sessions. The Affiliate Council advises and guides NAEA's Affiliate activities in three (3) main areas: recruitment and retention; member benefit development; and the Special Enrollment Exam (SEE) resources. All Affiliate Council Members are expected to attend the affiliate exchange. Affiliate Council members will be reimbursed for expenses incurred as a result of NAEA business in accordance with PPM 6.7.

9.3 A vacancy on the Affiliate Council occurs if a member of the Council leaves for any reason.

9.3.1 If the vacancy occurs in the first year of the two-year term, the NAEA President may appoint an eligible Member to fill the vacancy or leave the vacancy unfilled until the next installation. The nominee or candidate with the highest number of votes in the next election who is not elected to a two-year term shall be elected to serve the remaining term of office. B) If the vacancy occurs in the second year of the two-year term, the President may appoint an eligible Member to serve the remaining term of office or leave the vacancy unfilled.

Part X – Communications

10.1 All advertising in any NAEA publication that states its target audience and lists certified public accountants and/or attorneys must also list enrolled agents.

10.2 No appropriate advertiser may be turned down due to prejudice. NAEA retains the right to refuse an advertiser if the advertiser or advertisement is in competition with NAEA or NAEA programs. The publisher reserves the right to cancel or reject any advertising at any time and to add the word "Advertisement" at the top of any copy which, in the publisher's opinion, simulates editorial matter and might be misleading to the reader.

10.3 The contents of one issue of the *EA Journal* must be devoted to the topic of Ethics and the home CE test in that issue must include the requisite questions to provide for two (2) hours of Ethics CE.

10.4 Use of the NAEA logo by companies and organizations (including companies that employ one or more NAEA members) on their websites or elsewhere is strictly prohibited except with written consent. The NAEA logo may be displayed solely by current individual members of NAEA. The logo may be downloaded from the NAEA website or obtained by contacting the NAEA office. Advertisers and sponsors may not use the NAEA logo on any printed or electronic material without written approval. NAEA may publish a logo for use by advertisers and sponsors. Such use will be limited to conditions established in written agreements between NAEA and its advertisers and sponsors. NAEA logos may not be altered or enhanced in any way without direct permission from NAEA.

10.5 Member data, including phone, fax or email information, may be shared with State Affiliate leadership for the express purpose of providing appropriate member benefits. NAEA may rent the mailing list of Members for a one-time usage, provided NAEA approves the materials being sent and the list is being sent to a bonded third-party mail house. NAEA never rents phone, fax or email information. NAEA maintains a "do not sell" list of Members. NAEA maintains a "Find a Tax Expert" directory and referral phone service to assist the general public in locating member enrolled agents. Phone, fax, email or website information may be shared with the general public through this service. At any time, Members may opt out of this directory and/or all additional marketing by notifying the NAEA office in writing or so indicating on the online profile available on the NAEA website.

Part XI – Social Media, Forums

11.1 NAEA social media consists of NAEA's members-only Facebook and LinkedIn groups and the NAEA Member WebBoard. In order to preserve a climate that encourages civil,

respectful, and relevant dialogue, NAEA reserves the right to suspend or terminate membership in these communities for anyone who violates the policies in this section.

11.2 All posts are to be professional and civil. Disrespectful or abusive comments will not be tolerated. Members may not attack or insult others. NAEA social media may not be used for public or private disputes. Members must be respectful of and courteous to any other member.

11.3 NAEA, through its appointed administrators, has the right to restrict or remove posting ability for any reason (see PPM 11.5).

11.4 Members may not promote products, services, or any activity in which they have a direct financial interest, unless the promotion relates to the mission of NAEA and its affiliates. This applies to either an original post or a response to a post, no matter how helpful or on-point. This does not, however, prevent a member from reaching out to another member by way of a private message. Members may talk about tax software and other appropriate industry products, provided there is no financial gain, including discount codes for industry products, free webinars, and events sponsored by NAEA and its affiliates (even if the member is paid as a speaker).

11.5 The following steps will be followed for addressing alleged breaches of the NAEA social media policy.

11.5.1 An alleged violation of this policy will be brought to the attention of at least one member of the PR Committee and at least one site administrator.

11.5.2 If two or more members of the Public Relations and Social Media (PR) Committee and at least one administrator agree that some sort of response is appropriate, they will notify the other committee members of action(s) already taken or under consideration. Relevant dates, names of offenders and copies of actual posts will be recorded and shared with committee members and the NAEA PR Committee staff liaison who will track the data for future reference.

11.5.3 Site administrators may remove the offending post/discussion thread at their discretion after making and preserving a copy of the offending comments/posts.

11.5.4 If the PR Committee and at least one site administrator determines that direct communication with the "offender" is desired, a designated member of the committee will contact the person(s) whose post(s) were deemed inappropriate.

11.5.4.1 If at the discretion of the PR Committee and a site administrator, the offense warrants immediate removal from one or more NAEA-administered social media channels, the "offender" will be removed as a member of said channel(s) and notified via email that they have been removed for violation of the NAEA policies and procedures. That email will include an invitation to the offender to contact the sender of the email or PR Committee Chair

to discuss further if the offender so chooses.

11.5.4.2 If in the view of the PR Committee and site administrator, the offense warrants only a warning and possible further discussion with the offender about the nature of the offense, an email will be sent to the offender by a designated member of the committee or NAEA staff discussing the offense and reviewing these policies.

11.6 A designated member of the PR Committee will, at regular intervals, post a message to the appropriate online community reminding members to read and abide by the Board's policy on social media.

11.7 The PR Committee will notify the NAEA Board of Directors for possible further action if an offense rises to such a level that it may require a referral to the Ethics and Professional Committee.

Part XII – Education Programs

12.1 Educational programs and services offered by NAEA will be discounted for Members and associates of NAEA.

12.2 Individuals (including members of the Board of Directors) speaking for NAEA may be compensated by an hourly speaker's fee, flat fee, or honorarium. Complimentary registration for CE credits may also be given at the discretion of NAEA EVP.

12.3 Whenever NAEA engages the services of any enrolled agent at any educational event, that enrolled agent must be a Member of NAEA. Engagement contracts will include a provision requiring membership in NAEA.

12.4 NAEA speakers are reimbursed for reasonable and customary expenses including travel by air, train or automobile at the lowest, most economical coach airfare or train fare, and lodging at the NAEA rate to include the night before and the night following a speaking engagement. Other speaker's costs, including ground transportation and parking, will be reimbursed according to policies set at the discretion of NAEA staff. No per diem, rental car expenses, gratuities or other miscellaneous items will be reimbursed. Expenses in excess of \$50 must be documented by original receipts. Expenses must be reported on an approved expense form and must be submitted within 30 days after travel.

Part XIII – EVP Performance Review

13.1 EVP performance is a shared responsibility between the Board and the EVP. The Board has tremendous influence over the EVP's ability to carry out assigned duties and strategic initiatives

by its actions, or failures to act, to empower excellence in executive performance. The performance review process is a means of assuring and enriching communication between the

Board and EVP. It gives the EVP clear understanding of expectations for performance and results, with priorities determined in advance. The process provides early warning if something is going off track in the relationship with the EVP or if expectations are changing. The Executive Committee serves as the EVP Performance Review Committee.

13.2 Following the May meeting of the NAEA Board of Directors and by May 15, the EVP will present the new President-elect with a report that outlines the accomplishments and challenges of the previous year. This report will include a review of the mutually agreed upon EVP goals set during the previous year, an assessment of progress towards achieving those goals, and projected goals for the coming year. These goals should be consistent with the NAEA mission, vision and strategic plan. The report will also provide the EVP's assessment of environmental or internal changes that may have aided or impeded the planned progress, as well as needed adjustments going forward.

13.3 The President-elect will distribute an assessment along with the EVP report to the full Board of Directors and those who served the previous year on the Board of Directors. The assessment will be returned to the President-elect by May 31.

13.4 The President-elect will compile the data from the completed assessments into a composite summary, and then will conduct a meeting of the current and previous year's Board members to discuss the composite summary and receive additional feedback about the performance review and goals for the coming year.

13.5 The President-elect will convene a meeting of the Performance Review Committee to review all the data and draft a preliminary review, including the performance assessment and proposing goals for the coming year. Goals should be consistent with NAEA's mission, vision, and strategic plan and be limited in number. This document is given to the EVP for review along with the composite summary of the Board of Directors' Assessment.

13.6 The President-elect will meet with the EVP and may include the rest of the Performance Review Committee via conference call. After discussion of any issues raised and agreement to the goals going forward, a final review should be prepared after this meeting and signed by the President-elect and the EVP. Before or at the signing, the EVP should provide the committee with salary and budget information, as well as benchmarking data from associations of similar size and scope in the Washington DC area.

13.7 The Performance Review Committee should meet by conference call to discuss salary or other compensation adjustment(s) by June 30 and recommend the adjustment(s). This should

be delivered to the EVP in writing. If the EVP wishes to discuss the amount of compensation further with the President-elect, a meeting should be scheduled in a timely manner.

13.8 The Performance Review Committee will report to the Board of Directors that the performance review was conducted, consistent with these policies. The Executive Committee and the EVP should meet quarterly via conference call or in person during the year to discuss progress on the goals established during the performance review and make appropriate adjustments based on changing conditions.

Part XIV – Conflict of Interest

14.1 NAEA Board Members, while acting in their capacity as members of the Board, must act at all times in the best interests of the Members of NAEA and not for personal or third-party gain or financial enrichment. A conflict of interest is a transaction or relationship which presents or may present a conflict between a Board member's obligations to NAEA and the Board member's personal, business or other interests.

14.2 A Board member has a duty to disclose to the NAEA EVP any real or potential conflicts of interest. The EVP will request the disinterested members of the Executive Committee to make the determination if a conflict exists, and the Board will be informed of such determination. If a conflict of interest is determined, the affected Board member is not precluded from making a presentation to the Board regarding the transaction or relationship. However, before the Board discusses and votes on this matter, the Board member will recuse him/herself from discussion and voting on the item. The Executive Committee may request that the member with the conflict leave the meeting during deliberations and/or vote of the issue related to the conflict of interest.

14.3 This policy will apply not only to all members of the NAEA Board but also to all members of NAEA Committees, subcommittees, task forces and others in the NAEA governance structure. All references herein to the Board will be construed also to refer to these additional individuals.

14.4 The following are specific actions *prohibited* by Board Members:

14.4.1 Placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the Members of the Association. While the receipt of incidental personal or third-party benefit may necessarily flow from certain NAEA activities, such benefit must be merely incidental to the primary benefit to NAEA and its purposes.

14.4.2 Use their positions as Board members to obtain favors or services from NAEA staff that would not routinely be available to any or all members of the Association.

14.4.3 Represent to third parties that their authority as a Board member extends any further than it actually extends.

14.4.4 Engage in any outside business, professional or other activities that would

directly or indirectly be materially adverse to NAEA.

14.4.5 Provide goods and services to NAEA as a paid vendor to NAEA unless approved by

the Board of Directors (after full disclosure), and pursuant to any related procedures adopted by the Board.

14.5 All NAEA Members must avoid a conflict of interest when using NAEA Social Media (see PPM 11.4).

Part XV – Anti-Trust

15.1 The antitrust laws of the United States and the various states prohibit agreements, combinations and conspiracies in restraint of trade. Because NAEA and other trade and professional associations are, by definition, combinations of competitors, one element of a possible antitrust violation is generally present, and only some action by the association that unreasonably restrains trade generally needs to occur for there to be an antitrust violation.

15.2 The antitrust laws prohibit competitors from engaging in actions that could result in an unreasonable restraint of trade. Some activities, such as, but not limited to, price fixing (setting minimum or maximum prices), allocation of clients or markets and bid rigging are deemed so pernicious and harmful they are considered per se violations. It does not matter whether the activities have a harmful effect on competition, the effect is presumed. Above all else, association members should be free to make business decisions based on the dictates of the market not dictates of the association.

15.3 NAEA has a policy of strict compliance with federal and state antitrust laws. NAEA members should avoid discussing certain subjects when they are together, both at formal NAEA membership, Board, Committee and other meetings and in informal contacts with other industry members, and should adhere strictly to the following guidelines:

15.3.1 Do not discuss prices, fees or rates. Note that a price-fixing violation may be inferred from price related discussions followed by parallel decisions on pricing by association members, even in the absence of an oral or written agreement.

15.3.2 Do not agree with competitors to not deal with certain suppliers or others.

15.3.3 Do not try to prevent a supplier from selling to your competitor(s).

15.3.4 Do not disclose protected information about your clients with your competitor(s).

15.3.5 Do leave any meeting (formal or informal) where improper subjects are being discussed. Tell everyone why you are leaving.

15.3.6 Do ensure that only NAEA staff sends out all written and electronic correspondence on behalf of NAEA. NAEA Officers, Directors, Committee members or other members will not hold themselves out as speaking or acting with the authority of NAEA when they do not, in fact, have such authorization.

15.3.7 Do ensure that if questions arise about the legal aspects of NAEA's activities or your individual responsibilities under the antitrust laws, you seek advice and counsel from NAEA's EVP.

Part XVI – Legal Defense Fund

16.1 The NAEA Legal Defense Fund (the Fund), a restricted fund, was established to assist with the legal expenses required to defend the rights of enrolled agents to practice before all levels of the Internal Revenue Service and associated levels of state or local departments of taxation. It is funded by voluntary contributions from the members and the affiliates. The fund may be supplemented by auctions or other fundraising methods as needed.

16.2 The Fund is to be used to oppose pending legislation or to change currently restrictive legislation that inhibits enrolled agents' right to practice before the Internal Revenue Service and/or a state or local departments of revenue.

16.3 If assistance is needed by an NAEA affiliate, the affiliate must make a written request to the NAEA EVP providing relevant information about the specific issue including the projected cost of defense (along with a plan of action or proposal from any professionals engaged to assist in the defense), the anticipated timing of the defense, and the affiliate's ability to pay any defense costs. There is no standard form for this request. At the earliest opportunity the EVP will submit the request to the Executive Committee.

16.4 The Executive Committee will deliberate the assistance request. In its evaluation the Executive Committee should consider the specific request including the possible impact the pending legislation may have on other states or Affiliates. The Executive Committee should consider the total cost of the defense along with the Affiliate's ability and willingness to contribute to the defense. There is no requirement that an Affiliate match any amount requested from the Fund. After deliberation the Executive Committee may authorize a Fund disbursement of an amount not to exceed \$20,000 per fiscal year to the Affiliate. Requests that exceed \$20,000 require approval of the full NAEA Board as discussed in PPM 16.10.

16.5 The Affiliate must account to the Executive Committee for Fund disbursements, including documentation to show the funds were used for the specified purpose.

16.6 Any funds not used for the specified purpose are to be repaid to the NAEA Legal Defense Fund at the earliest opportunity.

16.7 The Affiliate must treat monies received as restricted in its books and records. The amount received and the amount disbursed should be reflected separate from other operating activity on its financial statement. The amounts do not need to be in a separate bank account.

16.8 Affiliates may request assistance from the Fund more than once for an issue.

16.9 In general the Executive Committee will not authorize an amount exceeding the Affiliate's current need.

16.10 For needs exceeding \$20,000 per Affiliate, per fiscal year, the Executive Committee will place the matter before the full Board for consideration of the appropriate amount of fund disbursement. Any payments exceeding \$20,000 per Affiliate, per fiscal year, must be authorized by a majority vote of the Board.

16.11 This policy is not intended to preclude NAEA from using the Fund to defend non-budgeted legal fees incurred in protecting the rights of its members to practice before the Internal Revenue Service and/or any state or local departments of revenue. As specified in PPM 16.3, the NAEA EVP or Senior Director, Government Relations, may make a written request to the Executive Committee which will consider the matter as specified in PPM 16.4.

16.12 This policy is not intended to prohibit the Fund's use in a state where there is no NAEA Affiliate as necessary to defend the rights of enrolled agents to practice before the state or local departments of revenue. A member or group of members from that state may make a written request as specified in PPM 16.3 which will be considered by the Executive Committee. Additionally, the NAEA EVP or Senior Director, Government Relations, may make a written request to the Executive Committee which will consider the matter as specified in PPM 16.4. Any funds authorized will be paid as directed by the Executive Committee, which may include payment to a service provider or making payment to NAEA for the appropriate disbursement.

Policy & Procedure Manual

Approved November 2017

The following NAEA policies and procedures supplement the NAEA bylaws. In the event that this document is in conflict with the Association bylaws, the bylaws will take precedence.

Part I – Board

1.1 Standing Rules:

1.1.1 Attendance will be mandatory for all meetings of the NAEA Board of Directors (Board). A Board member will be automatically excused upon notice of the member's illness or emergency situation or notice of an illness, death or emergency situation relating to a family member. An excused absence will be allowed in case of conflict arising from a change in original schedule. A Director or Officer will be removed from office as stipulated by the bylaws for unexcused absences from two regularly scheduled meetings or informational calls of the Board per governance year.

1.1.2 The Board will hold no fewer than two meetings between annual meetings.

1.1.3 The Board will use the consent agenda format for its meetings.

1.1.4 The NAEA Executive Vice President (EVP) will issue a call for agenda items to the Board and Committee Chairs and establish a deadline for agenda items and reports prior to each scheduled Board meeting.

1.1.5 All reports will be submitted on Association letterhead when possible. Any recommendation for Board consideration will be included in the report.

1.1.6 All agendas, minutes, reports and other material relevant to the Board meeting will be distributed for study by the Board members and posted on the NAEA website prior to each meeting.

1.1.7 Motions offered during a meeting of the Board will be in writing with a copy provided to the Secretary.

1.1.8 The following rules will apply to all Board meetings:

1.1.8.1 Guests in attendance may speak in debate on the same question during a business meeting no more than twice and may not hold the floor more than a total of three (3) minutes without permission of the Board, without debate.

1.1.8.2 No limit to the number of times a Board member can speak to a motion.

1.1.8.3 Informal discussion is allowed without a motion.

1.1.8.4 The presiding officer may participate in discussions with the Board to provide background information and guidance without "relinquishing the gavel."

1.1.8.5 The presiding officer can vote on all questions.

1.1.9 Each member of the Board will be reimbursed for expenses to and from Board and other meetings that require attendance in accordance with the volunteer reimbursement policies as set forth in Section 5.10.

1.2 The annual budget and all Committee charges are to be aligned with the NAEA Strategic Plan.

1.3 Executive Committee:

1.3.1 A written report of Executive Committee decisions and actions will be made to the Board no later than the next scheduled meeting of the Board or within 3 business days, whichever comes first.

1.3.2 The Executive Committee, led by the President-Elect and after consultation with the Board, conducts the EVP's annual performance evaluation.

1.4 The Board will not allow videotaping of Board or Committee meetings unless specifically authorized by the Board for a given meeting.

1.4.1 Audio recordings are allowed at board meetings and it will be identified when recording begins.

1.4.2 Audio recordings are not permissible in Executive Sessions or during board conference calls.

1.4.3 Audio recordings will be retained until such time as the minutes are formally approved.

1.5 Board Vacancy:

1.5.1 If a directorship becomes vacant for any reason the board will vote, at the next regular scheduled meeting or at a special meeting called for that purpose, to decide if the vacant seat shall be filled.

1.5.1.1 If the vote takes place at the next regular scheduled meeting, the board will consider feedback from members in the audience regarding whether or not to fill the vacant seat.

1.5.2 If the board decides to fill the vacant seat, the vacancy will be filled through an election by the board members during that regular scheduled meeting or a special meeting called for that purpose.

1.5.2.1 Nominations to fill the vacant seat will only be received from members of the board. Discussions will only be heard from members of the board.

1.5.2.2 Consideration of candidates for this vacancy may come from the most recent nomination/election process.

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 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.

Part II – Conflict of Interest

2.1 The members of the NAEA Board, while acting in their capacity as members of the Board, must act at all times in the best interests of NAEA and not for personal or third-party gain or financial enrichment. A conflict of interest is a transaction or relationship which presents or may present a conflict between a Board member's obligations to NAEA and the Board member's personal, business or other interests.

2.2 A Board member has a duty to disclose to the NAEA EVP any real or potential conflicts of interest. The EVP will request the disinterested members of the Executive Committee to make the determination if a conflict exists and the Board will be informed of such determination. If a conflict of interest is determined, the affected Board member is not precluded from making a presentation to the Board regarding the transaction or relationship. However, before the Board discusses and votes on this matter, the Board member will recuse him/herself from discussion and voting on the item. The Executive Committee may request that the member with the conflict leave the meeting during deliberations and/or vote of the issue related to the conflict of interest.

2.3 This policy will apply not only to all members of the NAEA Board but also to all members of NAEA Committees, task forces and others in the NAEA governance structure. All references herein to the Board will be construed also to refer to these additional individuals.

2.4 Specifically, members of the Board will:

2.4.1 Avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of NAEA. While the receipt of incidental personal or third-party benefit may necessarily flow from certain NAEA activities, such benefit must be merely incidental to the primary benefit to NAEA and its purposes.

2.4.2 Not use their positions as Board members to obtain favors or services from NAEA staff that would not routinely be available to any or all members of the Association.

2.4.3 Not represent to third parties that their authority as a Board member extends any further than it actually extends.

2.4.4 Not engage in any outside business, professional or other activities that would directly or indirectly be materially adverse to NAEA.

2.4.5 Provide goods and services to NAEA as a paid vendor to NAEA only after full disclosure to, and advance approval by, the Board of Directors, and pursuant to any related procedures adopted by the Board.

Part III – Anti-Trust

3.1 The antitrust laws of the United States and the various states prohibit agreements, combinations and conspiracies in restraint of trade. Because NAEA and other trade and professional associations are, by definition, combinations of competitors, one element of a possible antitrust violation is generally present, and only some action by the association that unreasonably restrains trade generally needs to occur for there to be an antitrust violation.

3.2 The antitrust laws prohibit competitors from engaging in actions that could result in an unreasonable restraint of trade. Some activities, such as, but not limited to, price fixing (setting minimum or maximum prices), allocation of clients or markets and bid rigging are deemed so pernicious and harmful they are considered per se violations. It does not matter whether the activities have a harmful effect on competition, the effect is presumed. Above all else, association members should be free to make business decisions based on the dictates of the market not dictates of the association.

3.3 NAEA has a policy of strict compliance with federal and state antitrust laws. NAEA members should avoid discussing certain subjects when they are together, both at formal NAEA membership, Board, Committee and other meetings and in informal contacts with other industry members, and should adhere strictly to the following guidelines:

3.3.1 Do not discuss prices, fees or rates. Note that a price-fixing violation may be inferred from price related discussions followed by parallel decisions on pricing by association members, even in the absence of an oral or written agreement.

3.3.2 Do not agree with competitors to not deal with certain suppliers or others.

3.3.3 Do not try to prevent a supplier from selling to your competitor(s).

3.3.4 Do not disclose protected information about your clients with your competitor(s).

3.3.5 Do leave any meeting (formal or informal) where improper subjects are being discussed. Tell everyone why you are leaving.

3.3.6 Do ensure that only NAEA staff sends out all written and electronic correspondence on behalf of NAEA. NAEA Officers, Directors, Committee members or other members will not hold themselves out as speaking or acting with the authority of NAEA when they do not, in fact, have such authorization.

3.3.7 Do ensure that if questions arise about the legal aspects of NAEA's activities or your individual responsibilities under the antitrust laws, you seek advice and counsel from NAEA's EVP.

Part IV – Elections and Nominations

4.1 All members who seek to serve on the NAEA Board must follow the procedures of the Nominating Committee and must be interviewed by this Committee.

4.2 All members who seek to serve as an Officer of the Association must have completed at least one year on the NAEA Board before being eligible to run for the position.

4.3 Nominating Committee Procedures:

4.3.1 In-person interviews with the Nominating Committee are preferred, but videoconferencing or other electronic means that allow the full Nominating Committee to view and communicate with the applicant are permitted. The entire cost, if any, will be borne by the candidate who requests the alternate interview method.

4.3.2 The slate of nominees for Officers and Directors will be published to the membership no later than 15 days after the annual meeting.

4.3.3 Members interviewed by the Nominating Committee, but not chosen as a nominee, may declare themselves as a candidate. They may declare their candidacy for the one position for which they interviewed, in writing to NAEA's EVP, no later than 15 days after the slate of nominees has been published. All candidates will be given the same opportunity as the nominees to provide a biography, statement of goals, and an answer(s) to a common question(s).

4.3.4 The Nominating Committee will prepare an announcement that will include the biography, statement of goals, and an answer(s) to a common question(s) of all nominees and declared candidates, along with the instructions for voting. This announcement will be communicated no later than December 1 to all members in good standing as of November 1 of the current year.

4.3.5 Nominating Committee members will be reimbursed for reasonable expenses incurred during the interview process subject to the guidelines noted in Section 5.10.

4.4 Campaign Guidelines:

4.4.1 Individual Campaigning

4.4.1.1 Campaign materials shall focus on issues that impact the advancement of the enrolled agent credential.

4.4.1.2 Campaign materials will not disparage nor include negative information or comments regarding other candidates.

4.4.1.3 Candidates can employ social media to campaign, but this media cannot be of NAEA or affiliate origins.

4.4.1.4 NAEA may facilitate 2–3 minute candidate interviews and make those available to the members via podcast by NAEA.

4.4.2 Affiliates:

4.4.2.1 Affiliates should encourage all members to vote in the national election as to increase member participation.

4.4.2.2 The affiliates are encouraged to remain neutral and will not encourage or discourage voting for a specific candidate(s).

4.4.3 Campaigning during NAEA meetings:

4.4.3.1 Campaign materials distributed at NAEA meetings can be distributed by use of NAEA, provided tables located in common areas only. Space is limited to approximately two (2) pieces of 8.5" x 11" paper to showcase a flyer and/or give-away items.

4.4.3.2 To avoid a conflict of interest, please do not ask the staff to stock the table with your material or ship the items back to you.

4.4.3.3 Due to time restraints, presentations to audiences of any meeting are not permitted.

4.5 Balloting:

4.5.1 The Board will establish procedures to ensure the validity of the election, including but not limited to the decision to contract with an outside election company.

4.5.2 Each association member in good standing on November 1 of the current year will receive a ballot with the names of all nominees and candidates (if applicable) for each elective position.

4.5.3 A sample ballot will be published in the EA Journal. This ballot will not be considered official and will not be accepted for count in an election. The names of all nominees for each position will be listed in alphabetical order followed by the names of all candidates for that same position listed in alphabetical order.

4.5.4 All ballots must be received at the specified return location by the close of business on December 15 if a business day, otherwise at the close of the next business day. Only official ballots will be counted.

4.5.5 The NAEA President will appoint a Chief Teller who is not a current member of the Board to certify the results of the election. The results will be certified no later than December 31 and will be published in the next issue of the E@lert and the EA Journal and posted on the NAEA website. The results of the NAEA election will be made available to any member upon request submitted to the EVP.

Part V – Finance

5.1 The annual budget and all Committee charges are to be aligned with the Strategic Plan.

5.1.1 The Executive Committee is authorized to approve short-term loans (not to exceed \$75,000) as necessary to ensure operational solvency. Short-term loans in excess of \$75,000 require approval by the Board.

5.2 All property and equipment expenditures of less than \$1,000 will be charged to office expense. Capital expenditures in excess of \$5,000 will have prior approval of the Board. The President and Treasurer can approve emergency expenditures.

5.3 The EVP will open and inspect all bank statements as an internal control. Monthly financial statements, showing actual income and expenses compared to budget, will be distributed to the Board in a timely manner.

5.4 Checks written in excess of \$25,000 will require two signatures.

5.5 The bank signatures for all NAEA accounts will include the following: Executive Vice President, President and Treasurer.

5.6 The Executive Committee will have the latitude in extraordinary circumstances to make adjustments to the budget without seeking prior approval of the Board. Such adjustment will not alter the bottom line of the budget and any Committees impacted by such change will be notified. All changes will be reported to the Board within three business days.

5.7 Reserves:

5.7.1 All surplus funds at the end of the fiscal year are to be placed in Board unrestricted reserves. The Board unrestricted reserves may be accessed only by two-thirds vote of the Board.

5.7.2 The unrestricted reserves may be used for new programs or projects consistent with the Strategic Plan, capital expenditures, or unforeseen circumstances that may arise during a fiscal year.

5.7.3. The unrestricted reserves include a Board Restricted account called the Succession/Unexpected Strategic Initiatives account (S/USI). This account is specifically earmarked for EVP succession costs and to cover costs for unexpected initiative opportunities that may arise.

5.8 NAEA will not provide financial assistance to members who are appointed to national IRS Advisory Committees unless they serve as official NAEA representatives.

5.9 Sarbanes-Oxley Act:

5.9.1 Pursuant to the requirements of the Sarbanes-Oxley Act, the Audit Committee of the NAEA Board will maintain procedures with respect to the receipt, retention and treatment of complaints regarding NAEA's accounting, internal controls, auditing matters or violations of NAEA's Code of Ethics and Rules of Professional Conduct. Procedures are also identified that allow NAEA employees to submit confidential and anonymous concerns about questionable accounting or auditing matters.

5.9.2 Employees or other persons with concerns regarding items in 5.9.1 should report them to the NAEA President-Elect for action. Based upon the nature of the complaint, it will be forwarded to the Audit or Executive Committee for consideration and action.

5.9.3 Employees or other persons making a submission described in 5.9.2 can request the submission be treated confidentially, including keeping his/her identity secret.

5.9.4 NAEA and its management may not discharge, demote, suspend, threaten, harass or discriminate in any manner in the terms and conditions of employment based upon any employee's good faith complaint relating to NAEA's accounting, internal accounting controls, auditing matters or violations of NAEA's Code of Ethics and Rules of Professional Conduct.

5.10 Unless otherwise stated, a member volunteer, whose services and/or attendance has been requested by the NAEA EVP or NAEA President, will be reimbursed for expenses incurred as a result of NAEA business using the following guidelines:

5.10.1 Expenses must be reported on an approved expense form and must be submitted within 45 days of the expense.

5.10.2 Expenses in excess of \$50 must be documented by original receipts.

5.10.3 Air travel to and from the location will be limited to the lowest fare available. Other modes of travel are authorized and will be reimbursed in accordance with the current IRS mileage rate provided the total does not exceed that of the lowest fare available.

5.10.4 Lodging at the NAEA rate as required by the meeting schedule, to include the night before and/or the night following if necessitated by travel availability.

5.10.5 Transportation to and from the airport at the lowest published fare or IRS mileage rate plus parking, whichever is lower.

5.10.6 A per diem using the IRS M&IE rate for the location for each meeting day and one-half per diem for each travel day. If meals are provided during the meeting days, the per diem will be adjusted accordingly.

5.11 State Affiliates requesting NAEA to re-issue uncashed state dues check(s) may be charged the prevailing bank charge(s) for stop-payment fee(s) if the State Affiliate is unable to return the uncashed check(s) to NAEA.

Part VI – Membership

6.1 The effective date of membership of new applicants will be the day the application is processed by NAEA.

6.2 Membership Year:

6.2.1 NAEA membership will operate on an anniversary method of dues renewal. Members and associates joining from the first through the 15th will have an expiration date of the last day of the prior month in the following year. Members and associates joining from the 16th through the end of the month will have an expiration date of the last day of the month in which they joined in the following year.

6.2.2 Members and associates will receive a renewal invoice three (3) months prior to their expiration date. Suspension and termination will occur as outlined in NAEA bylaws Article V, Membership Status,

5.01 Termination/Suspension of Membership.

6.2.3 For annual review and analytic purposes, the number of active (non-terminated) members and associate members will be reported as of the beginning of each fiscal year (July 1st.) Similarly, year-end membership numbers will be reported as of June 30th.

6.3 Member emeritus dues will be set at 25% of regular dues.

6.4 Dues and initiation fees for associates will be the same as for members.

6.5 Upon suspension, any member or associate ceases to be eligible for any benefit until such time as the suspension is lifted.

6.6 Associates will:

6.6.1 Be required to observe the bylaws and the NAEA Code of Ethics and Rules of Professional Conduct.

6.6.2 Not hold elected office, not have any rights to vote, nor be appointed as any Committee, Subcommittee, or Task Force Chair.

6.6.3 Have complaints lodged against them be resolved in a manner the same as for a member.

6.6.4 Be entitled to participate in NAEA programs at the same rates established for members.

6.6.5 Receive a certificate of affiliation with NAEA.

6.6.6 Any practitioner suspended under Circular 230 will automatically be suspended from NAEA for a period equal to the Circular 230 suspension.

6.6.7 Waiver of dues: Requests from any member or associate for waiver of dues will be submitted with all pertinent facts to the appropriate NAEA staff individual. That individual will discuss the facts with the NAEA President and EVP and a decision of approval or denial will be made. In the case of a denial, the member has the right to appeal the decision in writing to the Executive Committee.

6.6.8 Any member or associate granted a waiver of dues will be advised that the waiver is for NAEA dues only and that a request to an Affiliate (if applicable) must be made. NAEA will notify the requisite affiliate of any waiver.

6.6.9 The identity of the member or associate, as well as the circumstances with regard to the waiver, will be maintained in the strictest of confidence.

6.6.10 Dues waivers will be granted for one NAEA fiscal year. Ordinarily, waivers will not be granted for the same circumstances for subsequent years.

6.8 NAEA may, at its sole discretion, market and solicit directly to potential members and associates. NAEA may reduce national dues or waive initiation fees for potential members for the first year of membership only. NAEA may offer reduced state dues only with the express permission of the State Affiliate.

6.9 CE Requirements:

6.9.1 NAEA bylaws require members and associates to earn 30 hours of CE per calendar year. Members and associates must attest to the completion of the NAEA CE requirements prior to or concurrent with renewing. NAEA will have a CE attestation form available on the NAEA website and will include information on the CE renewal process with the renewal information sent to members and associates.

6.9.2 Enrolled agents who initially receive their NAEA membership card during the current year must complete a total of at least 2 hours of CE per month for the remainder of that year. Enrollment in any part of the month (i.e. January 31 or February 28) is considered enrollment for the entire month.

6.9.3 NAEA members who report less than the minimum hours must earn the missing CE hours in the next calendar year, in addition to the 30 hours required for that year. Members may not report more than 30 hours of CE in a year with the intention of lessening the requirement for future years.

6.9.4 In accordance with IRS requirements for enrollment renewal, members must earn at least 2 hours of Ethics in each calendar year.

6.10 Qualifying CE:

6.10.1 CE as defined by IRS guidance will qualify towards NAEA's CE requirement. Information on IRS qualifying CE may be found online at www.irs.gov.

6.10.2 CE in the areas of state and local taxation or practice management will be eligible for purposes of the additional hours of CE required by NAEA.

6.11 For associates studying to become an enrolled agent, the SEE Preparation classes will be eligible for purposes of the additional hours of CE required by NAEA.

6.12 Waiver of CE:

6.12.1 Requests from any member or associate for waiver of CE will be submitted with all pertinent facts to the appropriate NAEA staff individual. That individual will discuss the facts with the NAEA President and EVP and a decision of approval or denial will be made. In the case of a denial, the member has the right to appeal the decision in writing to the NAEA President. Ordinarily, waivers will not be granted for the same circumstances for subsequent years.

6.12.2 Approval of CE waivers will fall into two (2) categories:

6.12.2.1 Individuals who cannot or will not complete the requirements under Circular 230 and have requested and been granted a waiver by the Return Preparer Office (RPO). NAEA will follow the RPO grant of CE waiver, providing all dues are current.

6.12.2.2 Individuals who request a full or partial waiver for a specific year of the NAEA education requirement set forth in Section 3.06 of the bylaws. NAEA will review these requests on a case-by-case basis.

6.12.3 The identity of the member or associate, as well as the circumstances with regard to the waiver, will be maintained in the strictest of confidence.

6.12.4 CE waivers will be granted for one calendar year. Ordinarily, waivers will not be granted for the same circumstances for subsequent years.

6.12.5 NAEA will notify the requisite Affiliate of any CE waivers granted.

6.12 NAEA reserves the right to assess a \$20 late fee on any member who has not paid his/her dues 30 days after his/her expiration date.

Part VII – Communications

7.1 All advertising in any NAEA publication that states its target audience and lists certified public accountants and/or attorneys must also list enrolled agents.

7.2 No appropriate advertiser may be turned down due to prejudice. NAEA retains the right to refuse an advertiser if the advertiser or advertisement is in competition with NAEA or

NAEA programs. The publisher reserves the right to cancel or reject any advertising at any time and to add the word "Advertisement" at the top of any copy which, in the publisher's opinion, simulates editorial matter and might be misleading to the reader.

7.3 The contents of one issue of the EA Journal must be devoted to the topic of Ethics and the home CE test in that issue must include the requisite questions to provide for two (2) hours of Ethics CE.

7.4 NAEA Logo:

7.4.1 Use of the NAEA logo by companies and organizations (including companies that employ one or more NAEA members) on their websites or elsewhere is strictly prohibited except with written consent.

The NAEA logo may be displayed solely by current individual members of NAEA. The logo may be downloaded from the NAEA website or obtained by contacting the NAEA office.

7.4.2 Advertisers and sponsors may not use the NAEA logo on any printed or electronic material without written approval. NAEA may publish a logo for use by advertisers and sponsors. Such use will be limited to conditions established in written agreements between NAEA and its advertisers and sponsors.

7.4.3 NAEA logos may not be altered or enhanced in any way without direct permission from NAEA.

7.5 Privacy of Member Data:

7.5.1 Member data, including phone, fax or email information, may be shared with State Affiliate leadership for the express purpose of providing appropriate member benefits.

7.5.2 NAEA may rent the mailing list of members for a one-time usage, provided NAEA approves the materials being sent and the list is being sent to a bonded third-party mail house. NAEA never rents phone, fax or email information.

7.5.3. NAEA maintains a "do not sell" list of members. At any time, members may opt out of all additional marketing lists by notifying the NAEA office in writing or so indicating on the online profile available on the NAEA website.

7.5.4. NAEA maintains a "Find an Enrolled Agent" directory and referral phone service to assist the general public in locating member enrolled agents. Phone, fax, email or website information may be shared with the general public through this service. Members may opt out of this directory by notifying the NAEA office in writing or so indicating on the online profile available on the NAEA website.

Part VIII – Committees, Advisory Boards and Taskforces

8.1 The President may appoint, for Board confirmation, the Chairs of the following committees

8.1.1 Audit

8.1.2 Awards

8.1.2.1 Posthumous nominees may win any award.

8.1.2.2. Notwithstanding the criteria for the Founder's Award, awardees are eligible to win an award more than once.

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

8.1.2.4 Nominations may be received from any member or associate.

8.1.2.5 Employees of NAEA or any state affiliate are ineligible to receive the NAEA Outstanding Supporter Award.

8.1.3 Bylaws

8.1.4 Educating America

8.1.5 Education

8.1.6 Ethics and Professional Conduct

8.1.7 Governance

8.1.8 Government Relations

8.1.9 Membership

8.1.10 Nominating

8.1.11 PAC Steering

8.1.12 Public Relations

8.1.13 Schuldiner/Smollan Memorial Fund Advisory Board

8.2 Subcommittee and task force chairs will be members.

8.3 The President will appoint NAEA Officers and Directors as needed to assist in the functioning of these Committees.

8.4 The President may, with good reason, replace a Chair and appoint a new Chair, subject to Board confirmation.

8.5 The President may create or appoint such task forces or councils as deemed appropriate and will report such appointments to the Board.

8.6 The Schuldiner/Smollan Memorial Fund Advisory Board is composed of three members with staggered terms of three years. The President will appoint (subject to Board approval) one member each year to serve on the Advisory Board. The Chair will be the member serving the third year of his/her term.

Part IX – Bylaws

9.1 Proposed changes to the bylaws will be voted upon by the members at the annual meeting. In lieu of a vote at the annual meeting, the Board may authorize a vote based on the procedures outlined in Section 9.3.

9.2 Proposed changes to the bylaws will be reviewed by the Bylaws Committee in accordance with the approved policies, the NAEA bylaws and the California Non-Profit Corporation Law.

9.3 Ballot Procedures:

9.3.1 The word ballot will be construed to include both paper mail-in ballots and electronic ballots.

9.3.2 The Board will establish procedures to ensure the validity of the election, including but not limited to the decision to contract with an outside election company.

9.3.3 The proposed bylaw change will be prepared by the Bylaws Committee and amendments to the bylaws along with pro and con opinions will be printed on the ballot.

9.3.4 A sample ballot will be distributed to all members. This ballot will not be considered official and will not be accepted for count in an election.

9.3.5 Ballots must be distributed to all members in good standing on the date of record 30 days prior to the mailing of the ballots. The ballots must specify the quorum requirements and whether the proposal requires a simple majority or a two-thirds vote for approval.

9.3.6 Only official ballots (whether electronic or paper) received by the deadline for voting at the designated official depository will be counted.

9.3.7 If both an electronic and paper ballot are submitted from the same member, then only the first ballot received will be counted.

9.3.8 Ballots must be received from at least five (5) percent of the members to meet the quorum for a mail ballot. Completed ballots must be received within 15 days of the mailing date.

9.3.9 Ballots will not be counted until the quorum has been met. If the quorum is not met after the 15 days, the proposal is considered to have been timely published and will be presented at the next NAEA Annual Meeting. The uncounted ballots will be destroyed.

9.3.10 If the quorum is met, the Secretary will certify the quorum. A majority of the ballots received indicating approval is required. Blank ballots will be considered an abstention and will be used only to establish a quorum. Ballots marked "yes and no" will be counted as invalid.

9.3.11 Proposed bylaws changes meeting the quorum but failing to receive the majority of the votes cast must be returned to the Bylaws Committee for reevaluation prior to being submitted to the Board for approval of a membership vote.

9.3.12 Approved bylaw changes will be certified by the Secretary and become effective upon notice to the Board, unless otherwise stated in the bylaw amendment. Results will be announced in the next issue of the E@lert and the EA Journal and posted on the NAEA website.

Part X – Affiliates

10.1 Authorization to charter or modify the territory of existing Affiliates resides with the Board as stated in Section 12.01 of the bylaws. Authorization to operate an Affiliate may be withdrawn as prescribed in bylaw Section 12.06.

10.2 The NAEA Board may modify the territory of an existing Affiliate upon request by that Affiliate. To request a change in territory, the Affiliate will notify the NAEA President in writing. The NAEA President will convene the Board at a regularly scheduled meeting or by conference call to consider the request.

10.3 Withdrawal of Affiliate Charter:

10.3.1 Within five (5) days after knowledge of an infraction occurring on the part of an Affiliate, the NAEA President will notify the current Affiliate President and outline the infraction and possible remedies. The Affiliate President will have 15 days to respond in writing, acknowledging the infraction, detailing how the situation will be remedied and a timetable for the correction.

10.3.2 If the Affiliate President does not respond, does not acknowledge the infraction or does not offer a reasonable plan for remedying the infraction, the NAEA President may establish a task force, refer to a committee or direct NAEA's appropriate staff individual to work with the state affiliate on the situation until it is fully resolved. The task force, committee or appropriate staff individual will contact the Affiliate and other members as appropriate to gather all facts relevant to the situation for review and recommendation.

10.3.3 The NAEA President will notify the Affiliate Board regarding the nature of the complaint and the appointment of the task force, committee or appropriate staff individual. The Affiliate will have 30 days to respond to the task force, committee or appropriate staff individual, specifying how the situation will be remedied and a timetable for correction. The Affiliate is encouraged to supply any documentation, reasonable argument or justification in support of its position to the task force, committee or appropriate staff individual.

10.3.4 If the Affiliate is unresponsive, uncooperative or if the proposed solution is deemed insufficient to remedy the situation, the NAEA President may convene the NAEA Board by conference call or at a regularly scheduled meeting. Materials gathered by the NAEA President, reports prepared by the task force, committee or appropriate staff individual, or supplied by the Affiliate will be provided to the NAEA Board for review and discussion.

10.3.5 The NAEA Board will take one (1) of three (3) actions: 1) Dismiss the complaint; 2) Retain the affiliate charter, but issue recommendations and a date for implementation of changes; or 3) Withdraw the affiliate charter.

10.3.6 Should the NAEA Board vote to retain the affiliate charter but issue recommendations and a date for implementation of changes, the task force, committee or appropriate staff individual previously appointed by the NAEA President will continue to work with the Affiliate. If changes are not implemented by the specified date, the task force, committee or appropriate staff individual will notify the NAEA President and the process outlined in 10.3 will begin again.

10.3.7 Should the NAEA Board vote to withdraw the charter, the NAEA President will notify the Affiliate of the effective date of charter withdrawal and provide information on how to appeal as stipulated in 10.3.8. The right to appeal may not change the effective date for withdrawal set by the NAEA Board.

10.3.8 To appeal the NAEA Board's decision, the Affiliate President must notify the NAEA President in writing within 15 days. New documentation or a new plan to resolve the situation must accompany the appeal, otherwise the appeal is deemed insufficient and the Board's decision is upheld. NAEA's President will convene the NAEA Board by conference call or at a regularly scheduled meeting to review the appeal request as well as any new material provided by the Affiliate, task force, committee or appropriate staff individual. The NAEA President will notify the Affiliate of the final decision.

10.3.9 All current NAEA members within the territory of the Affiliate will be notified of the NAEA Board's vote to withdraw the charter within 15 days, regardless of whether the Affiliate opts to appeal the decision. Members in the state will retain their membership in NAEA and are free to join another NAEA Affiliate if desired. Any member requesting a refund for state dues will be referred directly to the former State Affiliate.

10.3.10 NAEA will not issue a new charter to any other Affiliate or potential Affiliate for the geographic area until all appeal rights have been exhausted by the current Affiliate.

10.4 The NAEA Membership Department may require an affiliate to submit its governance documents, including but not limited to a current copy of bylaws, policy and procedure manual, tax documents or financial statements.

Part XI – Affiliate Council

11.1 The Affiliate Council is a committee comprised of six (6) members whose efforts are directed by the NAEA Board of Directors, and elected by the NAEA affiliate presidents. The Affiliate Council meets regularly by conference call and attends all APEX meetings.

11.2 Generally, the Council is tasked with coordinating efforts to build a strong affiliate network and is instrumental in the planning of the semi-annual Affiliate Presidents Exchange (APEX) training sessions.

11.2.1 The Council was developed to advise and guide NAEA's activities in three (3) main areas: recruitment and retention; member benefit development; and the Special Enrollment Exam (SEE) resources.

11.3 Affiliate Council members are elected by the affiliate presidents each January. Three (3) members are elected annually to serve a two (2) year term.

11.3.1 Candidates complete a Council Nomination Form, in late November or early December, and information is distributed to the affiliate presidents before the election.

11.3.2 Council member terms coincide with the NAEA governance year and commences immediately after the NAEA officers and directors are installed, usually in late April or early May.

11.3.3 If there is a vacancy within the Council, the NAEA President will appoint a successor to fill the term of the vacated position.

11.4 The Affiliate Council Chair is elected annually to a one (1) year term by the members of the Affiliate Council.

11.5 Affiliate Council members will be reimbursed for expenses incurred as a result of NAEA business in accordance with section 5.10 of this document.

Part XII – Legal Defense Fund

12.1 The NAEA Legal Defense Fund (the Fund), a restricted fund, was established to assist with the legal expenses required to defend the rights of enrolled agents to practice before all levels of the Internal Revenue Service and associated levels of state or local departments of taxation. It is funded by voluntary contributions from the members and the affiliates. The fund may be supplemented by auctions or other fundraising methods as needed.

12.2 The Fund is to be used to oppose pending legislation or to change currently restrictive legislation that inhibits enrolled agents' right to practice before the Internal Revenue Service and/or a state or local departments of revenue.

12.3 If assistance is needed by an NAEA affiliate, the affiliate must make a written request to the NAEA EVP providing relevant information about the specific issue including the projected cost of defense (along with a plan of action or proposal from any professionals engaged to assist in the defense), the anticipated timing of the defense, and the affiliate's ability to pay any defense costs. There is no standard form for this request. At the earliest opportunity the EVP will submit the request to the Executive Committee.

12.4 The Executive Committee will deliberate the assistance request. In its evaluation the Executive Committee should consider the specific request including the possible impact the pending legislation may have on other states or Affiliates. The Executive Committee should consider the total cost of the defense along with the Affiliate's ability and willingness to contribute to the defense. There is no requirement that an Affiliate match any amount requested from the Fund. After deliberation the Executive Committee may authorize a Fund disbursement of an amount not to exceed \$20,000 per fiscal year to the Affiliate. Requests that exceed \$20,000 require approval of the full NAEA Board as discussed in 12.10.

12.5 The Affiliate must account to the Executive Committee for Fund disbursements, including documentation to show the funds were used for the specified purpose.

12.6 Any funds not used for the specified purpose are to be repaid to the NAEA Legal Defense Fund at the earliest opportunity.

12.7 The Affiliate must treat monies received as restricted in its books and records. The amount received and the amount disbursed should be reflected separate from other operating activity on its financial statement. The amounts do not need to be in a separate bank account.

12.8 Affiliates may request assistance from the Fund more than once for an issue.

12.9 In general the Executive Committee will not authorize an amount exceeding the Affiliate's current need.

12.10 For needs exceeding \$20,000 per Affiliate, per fiscal year, the Executive Committee will place the matter before the full Board for consideration of the appropriate amount of fund disbursement. Any payments exceeding \$20,000 per Affiliate, per fiscal year, must be authorized by a majority vote of the Board.

12.11 This policy is not intended to preclude NAEA from using the Fund to defend non-budgeted legal fees incurred in protecting the rights of its members to practice before the Internal Revenue Service and/or any state or local departments of revenue. As specified in 12.3, the NAEA EVP or Senior Director, Government Relations, may make a written request to the Executive Committee which will consider the matter as specified in 12.4.

12.12 This policy is not intended to prohibit the Fund's use in a state where there is no NAEA Affiliate as necessary to defend the rights of enrolled agents to practice before the state or local departments of revenue. A member or group of members from that state may make a written request as specified in 12.3 which will be considered by the Executive Committee. Additionally, the NAEA EVP or Senior Director, Government Relations, may make a written request to the Executive Committee which will consider the matter as specified in 12.4. Any funds authorized will be paid as directed by the Executive Committee, which may include payment to a service provider or making payment to NAEA for the appropriate disbursement.

Part XIII – Education Programs

13.1 Educational programs and services offered by NAEA will be discounted for members and associates of NAEA.

13.2 Individuals (including members of the Board of Directors) speaking for NAEA may be compensated by an hourly speaker's fee, flat fee, or honorarium. Complimentary registration for CE credits may also be given at the discretion of NAEA EVP.

13.3 Whenever NAEA engages the services of any enrolled agent at any educational event, that enrolled agent must be a member of NAEA. Engagement contracts will include a provision requiring membership in NAEA.

13.4 NAEA speakers are reimbursed for reasonable and customary expenses including travel by air, train or automobile at the lowest, most economical coach airfare or train fare, and lodging at the NAEA rate to include the night before and the night following a speaking engagement. Other speaker's costs, including ground transportation and parking, will be reimbursed according to policies set at the discretion of NAEA staff. No per diem, rental car expenses, gratuities or other miscellaneous items will be reimbursed. Expenses in excess of \$50 must be documented by original receipts. Expenses must be reported on an approved expense form and must be submitted within 30 days after travel.

Part XIV – Social Media

14.1 NAEA social media consists of NAEA's members-only Facebook and LinkedIn groups and the NAEA website Forums. These online communities are intended to allow NAEA members to share knowledge, request advice from other members, learn from the experience of others, and participate in topical discussions.

In order to preserve a climate that encourages civil, respectful, and relevant dialogue, NAEA reserves the right to suspend or terminate membership in these communities for anyone who violates the policies in this section.

14.2 Members may not attack or insult others. These communities exist for sharing of knowledge, not for public disputes. Members may disagree with a particular point of view, but must be respectful of the other members.

14.3 Disrespectful or abusive comments will not be tolerated. All posts are to be professional and civil. Private disputes with another member are not appropriate for NAEA social media.

14.4 NAEA, through its appointed administrators, reserves the right to restrict or remove posting ability for any reason (see policy 14.06).

14.5 Members may not promote products, services, or any activity in which they have a direct financial interest, unless the promotion relates to the mission of NAEA and its affiliates (see conflict of interest policy). This applies to either an original post or a response to a post, no matter how helpful or on-point. This does not, however, prevent a member from reaching out to another member by way of a private message.

Members may talk about tax software and other appropriate industry products, provided there is no financial gain, including discount codes for industry products, free webinars, and events sponsored by NAEA and its affiliates (even if you are paid as a speaker).

14.6 The following steps will be followed for addressing alleged breaches of the NAEA social media policy.

14.6.1 An alleged violation of this policy will be brought to the attention of at least one member of the PR Committee and at least one site administrator.

14.6.2 If two or more members of the PR Committee and at least one administrator agree that some sort of response is appropriate, they will then notify the other committee members of action(s) already taken or under consideration. Relevant dates, names of offenders and copies of actual posts will be recorded and shared with committee members and the NAEA PR committee staff liaison who will track the data for future reference.

14.6.3 Site administrators may remove the offending post/discussion thread at their discretion after making and preserving a copy of the offending comments/posts.

14.6.4 If the PR Committee and at least one site administrator determines that direct communication with the "offender" is desired, a designated member of the committee will contact the person(s) whose post(s) were deemed inappropriate.

14.6.4.1 If at the discretion of the PR Committee and a site administrator, the offense warrants immediate removal from one or more NAEA-administered social media channels, the "offender" will be removed as a member of said channel(s) and notified via email that they have been removed for violation of the NAEA policies and procedures. That email will include an invitation to the offender to contact the sender of the email or PR Committee Chair to discuss further if the offender so chooses.

14.6.4.2 If in the view of the PR Committee and site administrator, the offense warrants only a warning and possible further discussion with the offender about the nature of the offense, it is our recommendation that the following language be used in an email sent to the offender by a designated member of the committee or NAEA staff:

Dear <NAME>,

It has been brought to my attention that a recent post you made to the <NAME OF NAEA ONLINE COMMUNITY> is in violation of the NAEA Social Media Policy. Please note that this communication constitutes an official warning and that NAEA, through its appointed administrators, reserves the right to restrict or remove posting ability for any reason. Further violations of the NAEA Social Media Policy may result in your removal from the <NAME OF NAEA ONLINE COMMUNITY> and other online communities administered by NAEA if we feel such action is warranted.

I invite you to contact me directly if you wish to discuss the matter further.

*Sincerely,
<NAME>*

14.6.5 A designated member of the PR Committee may decide to post a message to the appropriate online community reminding members to read and abide by the Board's policy on social media. They also may wish to quote relevant portions of the policy within such a post as they deem appropriate.

The PR Committee will also notify the NAEA Board of Directors for possible further action if an offense rises to such a level that it may require a referral to the Ethics Committee.

Part XV – Parliamentary Authority

15.1 The Parliamentary Authority for all NAEA meetings, including but not limited to Annual and Board meetings, will be Robert's Rules of Order Newly Revised (RONR). Committee meetings, at the discretion of the Chair, may be run by RONR.

15.2 Meetings of the Board will operate under the relaxed rules for "small boards" where they are not in conflict with, and are addressed in, standing rule 1.1.8.

Part XVI – Sunset Provisions

15.1 Each policy in this manual (as adopted in November 8, 2014) will sunset after December 31, 2019, unless renewed by the Board.

NAEA PRESIDENT JOB DESCRIPTION

OVERVIEW

The President is an Officer, Chair of the Board of Directors, and the Chief Executive Officer of the Association. The President serves a one-year term and automatically succeeds to the office of Immediate Past President. The President is responsible for protecting NAEA interests and the rights of all members. The President leads NAEA in achieving its goals. The President must know and understand NAEA's core values, strategic plans, Bylaws, policies and procedures.

RESPONSIBILITIES

- The President is the Chair of the Executive Committee.
- The President is the official representative of NAEA, acting as spokesperson to the media, legislature and regulatory bodies.
- The President, in collaboration with the Executive Vice President (EVP), provides overall leadership and general supervision of NAEA affairs.
- The President evaluates waivers of Association dues and CE requirements.
- The President is the liaison between the Board and the EVP.
- The President brings strategic issues to the Board for discussion and deliberation.
- The President has the following responsibilities at each Board or Annual Members meetings: (a) call the meeting (including time and place) and set the agenda, (b) give verbal remarks, (c) facilitate respectful discussion and deliberation (d) ensure order is maintained through Parliamentary procedure (e) select tellers for all paper ballot tabulations.
- The President serves as the Chair of any Special Meeting called by the Membership.
- The President appoints or nominates committee chairs, consulting with Officers, Board Members, and the EVP, as needed.
- In consultation with committee chairs and staff, the President appoints committee members, subcommittee chairs, and subcommittee members as needed.
- The President appoints NAEA Officers and Directors, as needed, to assist in the functioning of committees.
- The President appoints a member of the SSLA Advisory Board.
- The President appoints a Chief Teller who is not a current member of the Board to certify the results of the Board and Officers election.
- The President may set up a task force of the Board as appropriate.
- The President is a non-voting member, *ex-officio*, of all NAEA committees, subcommittees, and task forces.
- The President maintains open communication and cooperation with NAEA affiliates and their chapters.

- The President notifies an Affiliate President of any affiliate infraction and discusses possible remedies.
- The President notifies an Affiliate of the effective date of charter withdrawal.
- The President advocates for the NAEA Board of Directors and its decisions.
- The President ensures that all provisions of NAEA's governing documents are observed.
- The President approves emergency expenditures.
- The President is a signer on all NAEA bank accounts and may be asked to countersign checks written in excess of \$25,000.
- For each issue of the *EA Journal* during his/her term, the President prepares and submits a "President's Message" for publication.

NAEA PRESIDENT-ELECT JOB DESCRIPTION

OVERVIEW

The President-Elect is an Officer and a member of the Board of Directors. At the end of a one-year term, the President-Elect automatically becomes President of NAEA and after that one-year term becomes Immediate Past President. If the President is absent, the President-Elect performs the duties of the President during that time. If the President is incapacitated or otherwise unable to complete his or her term of office, the President-Elect serves as President during the remainder of the term. The President-Elect must know and understand NAEA's core values, strategic plans, bylaws, and policies and procedures.

RESPONSIBILITIES

- The President-Elect is a voting member of the Executive Committee.
- As an Officer, the President-Elect has the same fiduciary and legal responsibilities as a Director.
- The President-Elect assumes the responsibilities and duties of the President if needed.
- The President-Elect assists the President and the Board in promoting the objectives of NAEA.
- The President-Elect works closely with the President and the Executive Vice President (EVP) on existing and future projects to ensure a smooth transition in leadership from one year to the next.
- The President-Elect establishes and maintains a close working relationship with the EVP to provide continuity of NAEA's goals, objectives, purposes, core values, and strategic plans.
- The President-Elect assists the incoming President in appointing or nominating potential committee and task force members and chairs.
- The President-Elect, with the assistance of the Executive Committee, leads the EVP annual performance review.
- The President-Elect receives, retains and treats complaints regarding NAEA's accounting, internal controls, auditing matters or violations of NAEA's Code of Ethics and Rules of Professional Conduct.

NAEA IMMEDIATE PAST PRESIDENT JOB DESCRIPTION

OVERVIEW

The Immediate Past President is an Officer and a member of the Board of Directors. After a one-year term, the President-Elect automatically becomes President for a one-year term. After that term, the President automatically becomes Immediate Past President. The Immediate Past President must know and understand NAEA's core values, strategic plans, Bylaws, policies and procedures.

RESPONSIBILITIES

- The Immediate Past President is a voting member of the Executive Committee.
- As an Officer, the Immediate Past President has the same fiduciary and legal responsibilities as a Director.
- As appropriate, the Immediate Past President provides counsel and advice to the NAEA Officers.
- As requested by the President, the Immediate Past President assists in the selection of NAEA committee chairs, members, and task force members.
- As requested by the President, the Immediate Past President represents the NAEA President at official NAEA functions.
- As assigned by the President, the Immediate Past President undertakes other duties.

NAEA SECRETARY DESCRIPTION

OVERVIEW

The Secretary is an Officer, a member of the Board of Directors, and the official Record Keeper of the Association. The Secretary is elected by the membership in odd-numbered years and serves a two-year term. The Secretary must know and understand NAEA's core values, strategic plans, Bylaws, policies and procedures.

RESPONSIBILITIES:

- The Secretary is a voting member of the Executive Committee.
- The Secretary is a voting member of the Bylaws and Governance Committee.
- As an Officer, the Secretary has the same fiduciary and legal responsibilities as a Director.
- In consultation with the EVP and Treasurer, the Secretary ensures that NAEA's incorporation and nonprofit status is maintained through the filing of required informational reports.
- The Secretary keeps a copy of all contracts involving NAEA with outside organizations and a copy of the EVP employment contract.
- The Secretary manages the minutes of the Board of Directors meetings and the Annual Member meetings. Ordinarily, draft minutes must be distributed to the Board and posted on the website within 30 days of the Board meeting.
- The Secretary, or designee, issues a meeting notice of the Annual Meeting.
- The Secretary has the following responsibilities for each Board or Annual Members meeting: (a) verifies a quorum is present (calls roll at the Board meeting), (b) ensure motion forms are printed legibly and give to the Chair at the appropriate time (c) assist the Chair in identifying individuals to be recognized, and (d) maintain the motion forms to assist in the writing of the minutes.
- The Secretary evaluates signatures of Members calling for a Special Meeting.
- The Secretary issues the official call and prepares an agenda for a Special Meeting called by the Membership.
- The Secretary certifies the results of a Membership vote on Bylaws amendments.

OVERVIEW

The Treasurer is an Officer, a member of the Board of Directors, and the Chief Financial Officer of the Association. The Treasurer is elected by the membership in even-numbered years and serves a two-year term. The Treasurer must know and understand proper accounting procedures as well as NAEA's core values, strategic plans, Bylaws, policies and procedures.

RESPONSIBILITIES:

- The Treasurer is a voting member of the Executive Committee.
- The Treasurer is a non-voting *ex-officio* member of the Audit Committee and the Finance Committee.
- As an Officer, the Treasurer has the same fiduciary and legal responsibilities as a Director.
- The Treasurer, working with the Director of Finance and Administration and/or the Executive Vice President (EVP), informs members of the Board of Directors of NAEA's financial condition by overseeing and distributing periodic financial statements
- The Treasurer reports NAEA's financial condition at each Board meeting.
- The Treasurer, working with the Director of Finance and Administration, the EVP, and the Finance Committee, assists in developing the annual budget for review and approval by the Board of Directors.
- The Treasurer reviews and authorizes expense reimbursement to the EVP.
- The Treasurer is a signer on all NAEA bank accounts and may be asked to countersign checks written in excess of \$25,000.
- In the unavailability of the President, the Treasurer can approve emergency expenditures.
- Each year the Treasurer evaluates NAEA's financial condition and at the November meeting recommends whether dues should be increased or remain at the previous year's level.
- The Treasurer works with the Audit Committee to review the audited financial statements and Form 990 filing with the auditing CPA firm on an annual basis.

NAEA DIRECTOR JOB DESCRIPTION

OVERVIEW (The word Director(s) used in this document refers to all members, including Officers, of the Board of Directors.)

The Board of Directors is the governing authority and has the responsibility for the supervision, control, and direction of the National Association of Enrolled Agents (NAEA). Directors are elected by the NAEA membership and serve a two-year term. Directors bear fiduciary and legal responsibility to promote the best interests of NAEA. Directors must know and understand NAEA's core values, strategic plans, Bylaws, policies and procedures. NAEA will retain Directors and Officers liability insurance to protect Directors against legal recourse resulting from the discharge of their board responsibilities.

RESPONSIBILITIES

- Each Director is legally bound to fulfill his/her responsibilities consistent with the Standard of Care while performing duties on behalf of NAEA. This Standard requires that Directors act in good faith and in the best interests of NAEA as well as make reasonable inquiry when indicated.
- As part of their fiduciary responsibility for NAEA, Directors must monitor and ensure proper use of assets and approve annual budgets.
- Directors develop, establish, and adhere to NAEA policies.
- Directors utilize knowledge-based decision making in developing strategic policies for the Association.
- Directors attend and participate in all Board meetings by reviewing meeting materials in advance, understanding all the issues presented, and deliberating courteously through Robert's Rules of Order.
- The Board speaks with a unified voice. Directors must support all final Board decisions even if an individual Director opposed the decision during debate.
- Directors develop NAEA strategic plans and monitor the implementation of those plans on a periodic basis.
- Directors may assist in the functioning of committees as needed.
- Directors represent NAEA in every way during their term, including board meetings and functions, as well as at their state and local affiliate levels. Directors must maintain the appropriate professional decorum and attire in all dealings with NAEA members, state and local affiliate's leadership, staff, and vendors.
- Directors understand that the NAEA President and the Executive Vice President (EVP) are the official spokespersons for NAEA. All requests for NAEA appearances must be directed to them.

- Directors are prudent in response to questions that arise about NAEA operations or staffing. Directors refer questions directly to the President, when appropriate.
- The Board employs the EVP. Directors, collaborating with the President-Elect and the Executive Committee, perform the EVP annual performance review.

CTEC

TO: NAEA Board of Directors
FROM: Margaret "Margy" Dunn, EA
SUBJECT: The California Tax Education Council (CTEC) Report
DATE: May 3, 2018
MEMBERS: Margy Dunn, EA
STAFF: Robert Kerr, EVP

NAEA'S SEAT ON THE CALIFORNIA TAX EDUCATION COUNCIL

NAEA has been represented on the Council since the Council's inception.¹ In fact, enrolled agents have maintained strong representation on the Council for many years. During its initial year, seven of the nine Directors were enrolled agents. In addition to NAEA and CSEA, two individually incorporated chapters of CA Society of Enrolled Agents² maintained a representative seat on the Council until 2013 when requirements were increased from 200 members or employees to 400 members or employees.³

The Council Chair, elected by fellow Council members, has been an enrolled agent in 14 years of its 20-year history. Specifically, NAEA representatives served as Council Chair for four of those years.⁴ The Council Chair regularly represents the Council before CA state agencies and the CA Legislature.

In 2016, I was elected by the Council members to represent CTEC on the Advisory Councils of both the Franchise Tax Board and the CA Department of Tax and Fee Administration (formerly CA Board of Equalization). Members of these groups include representative from the CA Bar Association, the CA Board of Accountancy, CA legislative staff and executives from companies such as Intuit, Intel and several universities.

There are many opportunities to promote the enrolled agent designation at these meetings. More importantly, our presence and active involvement at CTEC meetings helps to ensure that enrolled agents are not forgotten in media campaigns. NAEA's continuing participation also

¹ William Geideman EA 1997 to 2010; Margaret Dunn EA 2010 to present

² Mission Society of Enrolled Agents and East Bay Society of Enrolled Agents

³ CA SB 484 Chap. 660 (2)

⁴ William Geideman EA 2006/07 & 2007/08; Margaret Dunn EA 2014/15 & 2015/16

ensures that ensures that high educational and ethical standards will continue to be required of non-credentialed preparers with offices here in California.

BACKGROUND

The California Tax Education Council (CTEC) was created in 1997 through changes made to the CA Business and Professions Code by the CA Legislature. Prior to that time, registration of CA tax preparers was overseen by a division of the CA Department of Consumer Affairs known as the Tax Preparer Program (TPP). The TPP was poorly run; months would pass with checks not being cashed by TPP, and unprocessed registration applications merely stacked in storage boxes in the office of the Consumer Affairs in Sacramento. Hence, registration certificates, which are required to be posted in the workplace, were not being mailed by TPP. Because H&R Block would submit registration forms and requisite fees for the thousands of its students who had completed their Basic Income Tax Course, they took charge and spearheading the effort to create CTEC in an effort to increase efficiency related to the oversight of CA tax preparers. Seeing the need for knowledgeable practitioners in the development of CTEC policies and procedures, members of the California Society of Enrolled Agents (CSEA) became heavily involved in the structuring and representation on the inaugural CTEC Board.

[The California Business and Professions Codes 22250 - 22259](#) provide the legislative framing of the Council's activities.

CTEC is a non-profit corporation. It is made up of individuals appointed to the Council from qualified organizations and six Council elected CTEC Registered Tax Preparers (CRTPs)⁵. A non-profit CA corporation that represents tax preparers, enrolled agents, attorneys or certified public accountants with a CA membership of at least 400 members in each of the three previous years may appoint a representative to the Council. Current non-profit CA corporations represented on the Council are:

NAEA - National Association of Enrolled Agents⁶

CSEA – California Society of Enrolled Agents

NATP - National Association of Tax Professionals

CSTC – California Society of Tax Consultants

NSA - National Society of Accountants

⁵ CA B&P §22251(a)(1)(B)(2)(d)

⁶ NAEA is a California nonprofit mutual benefit Corporation, which qualifies the Association for inclusion.

Additionally, a for-profit corporation with at least 400 employees or franchisees, which numbers can include employees of franchisees, in CA the previous year and that has been operating in CA for at least three years may appoint a representative to the Council. Current for-profit corporations represented on the Council are:

H&R Block

Jackson Hewitt Tax Service

Liberty Tax Service

CTEC also has government agency representatives from IRS and CA Franchise Tax Board in attendance at its semi-annual meetings.

CTEC retains the services of a legislative advocacy and association management firm for the day-to-day operations of the Council. The Council has awarded the management contract to Avocation Inc. since the Council's inception in 1997. The Council itself has no employees, but Avocation staff work closely with the Council to keep the Council apprised of federal and state legislation that may impact the work of the Council. Avocation staff also manages the implementation of policies and procedures established by the Council.

MISSION STATEMENT

The California Tax Education Council (CTEC) will continue to establish professional tax education standards, approve tax education providers who comply with these standards, and facilitate tax preparer compliance for the benefit of California taxpayers.

Before proceeding to an explanation of the Council's role, it is important to explain who CTEC regulates. According to the CA B&P Code, a tax preparer is a person who, for a fee or for other consideration, assists with or prepares tax returns for another person or who assumes final responsibility for completed work on a return which preliminary work has been done by another person, or who holds himself or herself out as offering those services.⁷ Employees who, as part of the regular clerical duties of his or her employment, prepare his or her employer's income, sales, or payroll tax returns are excluded from the definition of a tax preparer.⁸

In general terms, accountants and attorney with current valid licensure from the state of California are exempt from CTEC requirements, as are also enrolled agents, trust companies

⁷ CA B&P §22251(a)(1)(A)

⁸ CA B&P §22251(a)(1)(B)(2)

and state regulated financial institutions. Employees of any of these exempt persons are also exempt from CTEC requirements provided the employee is not the signer of the tax return.⁹

The Council does not “license” tax preparers in CA. The Council “registers” tax preparers. This is why the acronym CRTP is used – CTEC Registered Tax Preparer. Some people also refer to CRTPs as “CTECs”, but the proper acronym is CRTP.

⁹ CA B&P §22258

...ESTABLISH PROFESSIONAL TAX EDUCATION STANDARDS...

To initially register with CTEC, an applicant must complete a minimum of 60 hours of qualifying education (QE) from a CTEC approved QE education provider. Of those 60 hours, 45 hours must concern federal taxation and 15 hours must concern CA state taxation.¹⁰

Once registered, a registrant must complete a minimum of 20 hours of continuing education (CE) from a CTEC approved CE provider each year. Of those 20 hours, 15 hours must concern federal taxation, including 2 hours of ethics, and 5 hours must concern CA state taxation.^{11,12}

There is an exception to these education requirements for those applicants with certain work experience in the field of taxation, but such exceptions must be approved by the Council.¹³

...APPROVE TAX EDUCATION PROVIDERS...

In addition to registering tax preparers, the Council approves tax education schools or providers. Some providers apply to provide QE only, some apply to provide CE only, but the majority of education providers apply to provide both categories of education. There are currently 50 CTEC approved QE providers. There are currently 74 CTEC approved CE providers.

All education providers must pay an application fee and their materials must be reviewed by a curriculum reviewer retained by the Council. All approved providers must undergo a periodic review of the most popular courses and other courses selected at random by the Council. CTEC charges a fee to the provider for all such reviews.

The Council regularly determines the tax topics that are to be required to be covered in all QE courses. While there is no statewide mandatory final exam for QE courses, all approved QE providers must administer a final examination before issuing a certificate of completion.

...FACILITATE TAX PREPARER COMPLIANCE...

The Council works closely with the CA Franchise Tax Board (FTB) to ensure that tax preparers who are required to register with CTEC do so. In 2005, CA Senate Bill 1543 was passed which allowed FTB to pursue and penalize unregistered tax preparers. This bill also authorized the FTB to levy a fine of up to \$5,000 for every violation found by the FTB enforcement team.¹⁴ The

¹⁰ CA B&P §22255(a)

¹¹ CA B&P §22255(b)

¹² The Council has worked closely with the IRS Return Preparer Office to align its CE requirements with any federal CE requirements. Prior to 2014, the CTEC CE requirement was 14 hours concerning federal taxation and 6 hours concerning CA taxation each year.

¹³ CA B&P §22255(c)

¹⁴ SB-1543(1)-(3)

Council agreed to reimburse CA through the FTB for its enforcement efforts. All penalties collected by FTB are deposited into the CA General Fund.

The Council and FTB are currently working together on a pilot program that will attempt to identify so called “ghost preparers”. If this program proves to be fruitful, the Council will consider increasing its budgeted enforcement allocation to the FTB to expand the program.

...FOR THE BENEFIT OF CALIFORNIA TAXPAYERS

Because the mission of the California Tax Education Council is the benefit and protection of the CA taxpayer, the Council devotes much of its focus on educating the CA public about the importance of utilizing legitimate and properly educated tax professionals. In its early years, CTEC’s media campaigns promoted the hiring of CRTPs. This message was revised in 2007 for two reasons.

First, CTEC is not a membership organization and the promotion of hiring CRTPs seemed to suggest otherwise. Second, the Council recognized that its media campaign should be more inclusive of other professional designations such as enrolled agent, attorney or Certified Public Accountant. Since 2007 the media campaign has focused on educating the public about the importance of checking tax preparers’ credentials prior to retaining their services.

REGISTRATION NUMBERS AND FINANCIALS

The Council receives no funding from any state or federal agency. It is primarily funded through a combination of tax preparer registration fees and curriculum provider fees. The Council establishes those fees through its annual budget process.¹⁵

During its first fiscal year ending 6/30/98, CTEC registered 28,831 tax preparers. The registration fee at that time was \$25. The number of registered tax preparers grew over the years due to a peak registration number of 44,888 in the fiscal year ending 6/30/09. The current annual fee for timely renewal or initial registration is \$33, an increase of only \$8 over the 20 year existence of the Council. There were 39,306 tax preparers registered with CTEC during fiscal year ending 6/30/17.

A complete copy of the audited financial statements of the California Tax Education Council can be found in the 2016-2017 20th Anniversary Annual Report. Copies are available for all NAEA Directors and Officers.

¹⁵ CA B&P §22251.2(c)

EDUCATING AMERICA

TO: NAEA Board of Directors
FROM: Co-Chair Lori Carpenter, EA, and Andy Stadler, EA
SUBJECT: Educating America Committee
DATE: May 2, 2018

MEMBERS: Andy Stadler, EA (co-chair); Lori Carpenter, EA (co-chair); Susie DiMaggio, EA; Kerry Freeman, EA; Natasha Johnson, EA; Don Rosenberg, EA; Liesa Ross; Mary Sunderland, EA; Jo-Ann Weiner, EA

ADVISOR: Courtney Sefjack, Gleim Publications Staff

STAFF: Liesa Ross, Director of Marketing, Communications and PR

REPORT

The Committee met monthly through January, taking a break for tax season. The next meeting is scheduled for May 8, 2018. Below is a summary of initiatives, progress, and recommendations for the coming governance year.

How to become an EA Lead Generation – Visitors to Educating American's public Facebook page and certain NAEA webpages can click a button to express interest in learning more about becoming an EA. Natasha Johnson, EA has taken over the responsibility of responding to requests for additional information. Liesa has been very active in forwarding requests and helping follow up. The Committee applauds Andy Stadler, EA for his long dedication to this important work.

- As of April 2018, the interest list has grown to more than 830 contacts (78 requested additional contact after receiving the automated rundown reply).

NAEA website – New text for the "Educating America Promote the EA Profession" Professor and Student pages has been created and updated.

Job Fair Booths – Enrolled Agents manned and attend eight Job/career fairs in the last year, many using the new booth displays to promote the enrolled agent career, as well as membership in NAEA.

Luncheons at NTPI meetings – Gleim and NAEA co-sponsored a luncheon at both Las Vegas and Orlando aimed at current members who were unfamiliar with the Educating America initiative. An additional 45 members attended the Orlando luncheon on November 8, 2017. Lori also led a

short discussion on Educating America during the Affiliate Presidents Exchange meeting in Orlando.

Affiliate-to-Go Manual – a “How-To” for affiliates of any size to get involved at the appropriate level. Mary Sunderland, EA has talked with all affiliates and has found that presenting to accounting clubs has been hugely successful. The EA presenter can speak to a small group with less intimidation, offer academic associate memberships and interest people in internships or VITA.

E@lert Educating America mini-articles – The committee posted frequent progress and success throughout the year to continue promoting member engagement.

New Projects in Progress – The committee is pursuing strengthening the committee resources with the following:

- EA Wall Poster for Professors – The Indiana Society of Enrolled Agents Board is in the final stages of creating a wall poster for EA Professors which can be shared with NAEA and affiliate members.
- Retired and Separated Military Retraining – Working toward national inclusion continues to be a slow process, but several other members have connections with the military community and are seeing success sharing the enrolled agent profession as an option for them as they return to civilian life at the local level.
- Educating America history write up – Andy Stadler, EA, has written a draft history of Educating America, to be used for record and was published in the *EA Journal*.

Additional Committee Suggestions –

- Keep an updated table of Gleim-associated EA review programs at colleges
- Use the new WebBoard to have an Educating America discussion group
- Determine what’s working to get colleges to commit to an EA program (and what’s not) and document a campaign plan of promotion and follow up to meet new goals; include a budget
- Reprint handout materials??
- Check-in on and update website inquiry follow up process with new staff and volunteers??
- Volunteers submit E@lert and EA Journal article submissions to inform on initiatives and progress and to inspire others to recruit young EAs

Educating America Scorecard

Charges: The primary goals: #1. Educating professors and students about the excellent career as an enrolled agent. #2. Elevate the recognition of enrolled agents. This 10-yr initiative is recognized as the future lifeblood of the Association. Other valuable benefits include: increase in overall membership and membership in younger demographics.

Core Initiatives	TF Assignment	Notes	Goal	Progress to Date	% of Goal	End Date
Job fairs	All	So far: AZ, IN(3), NJ, PA(2), TX	25	8	32%	5/20/2018
Presentations at a college	All invited	All invited; so far: AZ, CA, DC, NC, NY, OH, VT, WA	10	8	80%	5/20/2018
250 members learn about Educ. Am. face to face	All invited	Lori/Paula presented program to May Meetings APEX participants; Kerry to SW Fest, AZ	250	48 at APEX; 106 at SW Fest EA Event; 80 at Vegas; 50 at NTPI	114%	5/20/2018
Booths at Aug & Nov meetings	Andy, Lori, Liesa, Paula + TF	Las Vegas, Orlando; booth being readied for Las Vegas	2	2	100%	5/20/2018

Additional Efforts	TF Assignment	Notes	Goal	Progress to Date	% of Goal	End Date
Replies to people interested in becoming an EA	Liesa forwards names, Andy replies	Approx. 420 have been sent to Andy since 10/2016; at least 30 people signed up Gleim course	All people contacted within 2 days	Successful	100%	5/20/2018
Website organization	All invited; Andy, Lori, Courtney, Paula, Liesa	Andy, Courtney, and Paula had a call on to discuss and are better organizing Educ Am pages/dropdowns	More appealing, clear, better organized	In progress, being reviewed	50%	5/20/2018
Updating booth written materials	Andy leading, all TF members	Being updated as needed	Ongoing	Assoc. Member app and booth signout ✓	100%	5/20/2018
New booths	Andy, Lori, Liesa	Look great, being sent out	3	3 completed	100%	5/20/2018
<i>E@lert</i> mentions	Paula and TF members	Mention Educ Am 2/4 times per month; 5/26, 6/2, 6/23, 7/7, 7/14, 7/28, 8/4, 8/18, 8/25, 9/15, 9/22, 10/14	26	12	46%	5/20/2018
<i>EA Journal</i> articles	Mary, Paula, TF	Educ Am history by Andy done	2	1 written for Jan/Feb	50%	5/20/2018
Press release	TF, Paula	May develop from <i>EAJ</i> pieces	1	0	0%	5/20/2018
Facebook page maintenance	All; 2 websites, external& internal	Post at least once a week on the two web pages, start 7/11	45/45	16, posts each week so far	36%	5/20/2018

EDUCATION

TO: NAEA Board of Directors

FROM: Holli Jones Kimbrough, Director, Education and Meetings
Alan Pinck, EA, Education Co-chair
Trish Evenstad, EA, Education Co-chair
Melinda Bossard, EA, USTCP, NTPI Planning Subcommittee Co-chair
Clayton Brown, EA, USTCP, NTPI Planning Subcommittee Co-chair
Bill Nemeth, EA, Chair, Tax Education Subcommittee

SUBJECT: Education Report (NAEA Education, NTPI Planning and Tax Education)

DATE: May 5, 2018

MEMBERS: **Please note that the Education committees change over in late August rather than May to align with the planning and execution of the National Conference.

CHAIRS: Trish Evenstad, EA (Co-chair); Alan Pinck, EA (Co-chair)

NTPI Melinda Bossard, EA, USTCP (Co-chair); Clayton Brown, EA, USTCP (Co-chair);
PLANNING: Tom Gorczyński, EA, USTCP; Clarice Landreth, EA; Ricardo Rivas, EA;
Karen Summerhays, EA, USTCP; Jennifer Verhey, EA

TAX Bill Nemeth, EA (Chair); Catherine Bostock-Hudy, EA; Shirley Callahan, EA;
EDUCATION: Melissa Longmuir, EA; Nancy Lyman, EA; Victoria A. McGinn, EA, CPA;
John Perry, EA, USTCP; Mary Sunderland, EA

STAFF LIAISON: Holli Jones Kimbrough, Director, Education and Meetings

STATUS:

NAEA National Conference

The 2018 NAEA National Conference is scheduled for July 30-August 1 at the Cosmopolitan of Las Vegas. Planning for the 2018 NAEA National Conference is well underway. Under the leadership of Co-chairs Linda Bossard, EA, USTCP and Clayton Brown, EA, USTCP, an entirely new Graduate Level has been planned. Nina Olson, Taxpayer Advocate, will present the plenary. Three new instructors have been incorporated between NTPI and Tax Preparation. All instructors are contracted (with the exception of one replacement speaker). This year, we are working to increase conference attendance vis-à-vis earlier registration and earlier/increased marketing. The website and registration launched the third week of March (as compared to late April last year). As of May 10, 133 attendees are registered, which is about 20 attendees ahead

of last year. Education and Marketing have worked very closely to ensure that we stay on schedule. The brochure is scheduled to drop by mid-May, which is a month ahead of 2017.

New or Nearly New

Last year, à la carte registration was brought back based upon member feedback. Unfortunately, members weren't thrilled with the cost. This year NAEA is offering the opportunity for attendees to "Choose Your Own Adventure" (CYOA). For a modest \$120 upcharge, members can create their own schedule between Grad and Tax Prep and receive the complete materials for both tracks. So far CYOA has been well received and over 10 people are registered for this option. In addition, NAEA is increasing its list of CE offerings. Last year was the first year for CFP credit. NAEA staff would like to thank Mary Sunderland, EA for all of her assistance and guidance with the CFP Board. This year we are going through the accreditation process with CTEC.

Going forward it has been suggested that NTPI and Tax Prep are planned simultaneously. Tax Preparation has become a destination in its own. For the past few years, NTPI and Tax Prep have shared speakers. It has allowed Tax Prep to take advantage of the marquee speaker already committed and share travel costs. Bill Nemeth, EA, Tax Education Chair, would like to see the Call for Speakers for both programs to be run as one. Chairs of the 2018 programs will discuss and make a determination.

NTPI Orlando

NAEA staff is pleased to announce that NTPI Orlando, November 7-9, 2018 at Hilton Bonnet Creek, will feature NTPI Levels 2, 3, and the new SuperGrad program. The property was the home of the 2013 and 2014 Orlando program and was very well-received. It is a beautiful resort at a rate of only \$156 per night.

SuperGrad is a combination of the Graduate Level in Representation, advanced Tax Prep, and updates. With the exception of TCJA updates, no courses will be repeats of the 2018 National Conference. The conference website currently has a placeholder with basic information. A launch is planned by marketing for June.

EA (SEE) Exam Prep

NAEA's EA Exam Prep program recently launched its first session of the year on April 23rd. Response was so strong that Part 1 of session A was full and closed before the session event started. New mentors/instructors include Mary Sunderland, EA, Richard Reedman, EA, USTCP, and Vicki McGinn, EA, CPA. NAEA staff is very appreciative that Alan Pinck, EA is helping as a mentor to the mentors.

Gleim began managing the registration process in early 2017. As it was done manually at NAEA due to database limitations, it was extremely cumbersome for staff. The new process is much

simpler for both attendees and NAEA results in attendees receiving both their online registration confirmation and materials several days faster.

Total registrant numbers as of May 1

Session A Part 1: 86	-	Session B Part 1: 47	Session C Part 1: 3	Session D Part 1: 1
Session A Part 2: 48		Session B Part 2: 66	Session C Part 2: 47	Session D Part 3: 31
Session A Part 3: 31		Session B Part 3: 6	Session C Part 3: 62	

Webinars

A winter update webinar series ran in January and February. The programs were well-received and generated over \$25,000 in revenue. Now that Cynthia Perez, NAEA Online Ed Manager, is up to speed, a robust schedule is planned. Currently NAEA is offering a webinar series provided by PitBull. The 1-hour representation courses are free for members to view and only \$10 per reported CE. Keep an eye out for a short summer series and a fall/winter series with over 24 CE.

EAJ Review

IRS released new CE Provider guidelines about a year ago and, as such, the CE regulations for our online education, particularly EA Journal have increased. The Tax Education Committee is now actively involved in peer reviewing the articles and QA. As this is a great deal of work, NAEA staff will work with the committee to determine if EAJ should stay within the Tax Education Committee or become its own taskforce. We will be incorporating review questions into the articles and most likely a podcast-style presentation as a wrap-up for each issue. Please stay tuned for the updated EA Journal.

ETHICS & PROFESSIONAL CONDUCT

TO: NAEA Board of Directors
FROM: Chair, Nancy E Lyman, EA
SUBJECT: Ethics and Professional Conduct Committee Report
DATE: May 18, 2018

MEMBERS: Nancy E. Lyman, EA (Chair); L G Brooks, EA; Ralph Nelson, EA; Charlotte Ogorek, EA, ECS; Ruth A. Rowlette, EA, JD-advisor

STAFF: Robert Kerr, EVP

STATUS:

- Continued to monitor the Internal Revenue Bulletin (IRB) for publication of Office of Professional Responsibility (OPR) disciplinary action involving NAEA members.
- Responded to two inquiries regarding the process for filing ethics complaints.
- Committee Chair collaborated with other NAEA departments and NAEA committees regarding social media policy and explored the possibility of an anti-harassment policy.

ACTION: None

FINANCE

FROM: Michael A. Fioritto, EA, CPA (Chair)

SUBJECT: Finance Committee Report

DATE: May 18, 2018

MEMBERS: Aaron Blau, EA, CPA; Joni Cappuccio, EA, CPA; Tim Dilworth, EA, CPA (Ex-Officio);
Mike Fioritto, EA, CPA (Chair); Nancy Lyman, EA; Doug Pickford, EA

STAFF: Cassandra Brown, Assoc. Dir. of Finance and Administration
Robert Kerr, EA, Executive Vice President

STATUS: The Finance Committee holds regularly scheduled meetings the 4th Friday of each month. Since our last board meeting report, (with the exception of January 2018) each month we have successfully been able to review the previous month financial statements for NAEA. We are very pleased with the timing of receiving the financial reports. The move over to QuickBooks has been a substantial improvement to our ability to analyze information. We are still tweaking some of the reporting formats. It is the responsibility of the Finance Committee to assist the Board in reviewing the details of NAEA's financials to better understand our current situation, make recommendations for updated financials projections, make other recommendations as appropriate and assist in the budgeting process. As we do this, we find areas that still need some improvement, and as a team we implement the appropriate changes. Over the course of this fiscal year we continue to make tremendous strides. Timing, reporting, availability, and disclosure are some of the many accomplishments. Since my involvement with NAEA, I have never seen a financial statement for a previous month. I am pleased to report that financial statements are timely. This committee would like to thank all staff, especially our liaison Cassandra Brown along with outside consultant Carolyn Skinner, CPA for their dedication to making the process run smooth. Our latest addition to our committee has been our new EVP Bob Kerr. He jumped right into this with both feet with determination to understand where we stand.

Our most recent task has been to review the budget proposal that the NAEA office has presented. A tremendous amount of time has been spent on developing this budget. Each Director was responsible for reviewing, analyzing and creating their individual department budget. After that, all departments were combined to develop an overall budget for the entire organization. This finance committee was provided with each department's budget along with their notes and a budget narrative a week in advance of our regular scheduled meeting to make our review and had the ability to submit questions back.

The committee reviewed the information, provided questions and we were able to discuss them at our regular scheduled meeting. We had some unresolved issues and suggested the budget proposal be reworked and then resubmitted. Our biggest issue has been budgeting for membership dues. Together, we now have built a membership revenue recognition

worksheet that has given the ability to better understand how and when our membership dues are reported on the financials. We also have a better tool for projecting membership revenue reporting for the budget process. As stated earlier, that is what this committee is charged to do. Sometimes when we finish an analysis, we do not like the results. The positive out of this is we now have the ability to do the analysis where we could not before and we also believe our financial reporting is more accurate and reliable than within memory.

We discussed the projected loss for the fiscal year ending June 30, 2018 along with the proposed budget and understand that projecting a loss is a significant issue. The committee was reminded that a large portion of the current year loss is attributed roughly equally to our unbudgeted EVP succession expense and to a shortfall in membership numbers, which remain flat year over year, as they have been for a number of years. We reviewed projected cash flow for the coming year, projected revenue in the fiscal year ending June 30, 2020, and considered the impact of drawing from our reserves. We believe cash flow is adequate to meet the proposed budget and believe we will see membership revenue growth more significantly in the following fiscal year.

We are reminded that our financial setback did not happen overnight and it will take time to properly get us back to a more stable position. We had a tremendous step upward in the fiscal year ending June 30, 2017 yet need to remember during that year we underfunded many issues and programs. This budget reflects targeted investments in operations and a proposed membership dues increase, which cannot take effect until September. Ordinarily we would request a dues increase at the November meeting. We did not do that. Due to our method of recognizing revenue and our skewed renewal cycles, much of the increase will not be recognized during the upcoming fiscal year.

Two years ago this committee had made the recommendation to begin to allocate salaries and benefits to each of the departments throughout the year. In previous years it was only done annually at the time of the audit. The auditors this past year made the same recommendation. We are happy to announce that staff is required to record time so we can properly allocate it through the year as well as report it on the financials. The difficult issue with this is now trying to make comparisons of this year and the proposed budget to past years. Please be assured that team efforts are will be in effect to develop reports over time to increase our ability to do year over year comparisons.

As a committee we feel we have completed our due diligence for the budget process and refer the proposed budget as presented to the board for consideration.

Respectfully submitted,

Michael A. Fioritto, EA, CPA (Chair)

GOVERNMENT RELATIONS

TO: NAEA Board of Directors
FROM: Jennifer MacMillan, EA, Chair
SUBJECT: Government Relations Committee Report
DATE: May 3, 2018

MEMBERS: Jennifer MacMillan, EA (Chair); Jeff Augenstein, EA; Steve DeFilippis, EA; Frank Degen, EA, USTCP; Terry Durkin, EA; Lonnie Gary, EA, USTCP; Claudia Hill, EA; Kathy Hubbard, EA; Gina Jones, EA; Dave Miles, EA; Sean Reed, EA; Renee Schweke, EA; and Liz Zitzow, EA.

STAFF: Justin Edwards, Associate Director, Government Relations

The Government Relations (GR) Department continues to promote, protect, and further enhance the EA brand through federal and state advocacy initiatives. Justin Edwards works with Bob Kerr, NAEA's Executive Vice President, Jeffery Trinca, NAEA's Legislative Counsel, and the committee chair to advance the government relations agenda in 2018. The current agenda is as follows:

- Tax reform implementation;
- IRS reform and customer-service-oriented restructuring modernization efforts;
- IRS Future State Professional accounts for enrolled agents and other tax practitioners;
- The Electronic Signature Standards Act (H.R. 3153/S. 1074); and
- Minimum standards for unenrolled preparers.

Since our last report, NAEA's GR team made formidable strides toward promoting the EA profession with Congress and the public, improving taxpayer service at IRS, and providing IRS with top-line recommendations on priorities for implementing provisions of the Tax Cuts and Jobs Act (TCJA).

In mid-December, the chair [testified](#) before the House Ways and Means Oversight Subcommittee. The hearing, "IRS Reform: The Taxpayer Experience," presented NAEA with the opportunity to provide input on IRS reform from a taxpayer's perspective¹⁶. The testimony resulted in extensive public exposure, with dozens of articles¹⁷ featuring NAEA and quoting our testimony.

On March 22, NAEA proposed [recommendations](#) to the House Ways and Means and Senate Finance Committees on reforming the IRS. These recommendations represented an accumulation of NAEA's formal submissions to Congress, testimony before congressional committees, collaborative work with other practitioner groups, and concepts developed in

¹⁶ The GR Committee submitted [comments](#) for the record to the House Ways and Means Oversight Subcommittee following a September 13 [hearing](#) entitled "IRS Reform: Resolving Taxpayer Disputes."

¹⁷ Including Politico, NPR, National Journal, Tax Notes Today, Government Executive Magazine, Wolters Kluwer's "Tax and Accounting Blog," Ways & Means Blog, NTEU News, DesMoines Register, and News360.

consultation with NAEA's Government Relations Committee and membership at large. Our intent was for these recommendations to serve as a resource for the tax writers and their staffs as they work on major IRS reform overhaul legislation.

House Ways and Means Oversight Chairman Lynn Jenkins (R-KS) and Ranking Member John Lewis (D-GA) within the next week released [discussion draft](#) of proposed legislation to reform the IRS and asked for stakeholder comments on it. We submitted our [comments](#) on the discussion draft on April 6.

Later in April, the full Ways and Means Committee approved a package of nine IRS reform bills. The House subsequently passed two bills¹⁸ and included within those bills favorable language from the Electronic Signature Standards Act, a bill that NAEA has been working on since last year's NAEA Fly-in.

In advance of the Fly-in, Jeff Trinca and Bob Kerr met with several House Ways and Means Committee and Senate Finance Committee staff members to discuss IRS reform, minimum standards for return preparers, and the Electronic Signature Standards Act¹⁹. NAEA's Fly-in efforts will significantly amplify these conversations after nearly 115 EAs visit with their elected representatives to discuss these issues on May 15.

Additionally, IRS invited NAEA to present our members' key unresolved tax reform implementation issues relative to TCJA. During IRS's closed-session February 7 Tax Reform Roundtable with Acting Commissioner David Kautter, IRS senior leadership, and tax practitioner and tax industry stakeholders, NAEA Executive Vice President Robert Kerr presented NAEA's top three tax reform implementation [recommendations](#) affecting a broad scope of individual taxpayers. These recommendations—based on input from the GRC—included:

- allocation of the \$10,000 state and local property and income tax cap;
- mortgage interest changes; and
- meal and entertainment costs.

NAEA then followed up with a [letter](#) to Acting Commissioner Kautter to take our observations out of a private conversation and on the record.

On January 9, 2018, IRS informed tax practitioners and tax industry partners of a January 3 policy change to Internal Revenue Manual (IRM) Section 21.1.3.3, "Third Party (POA/TIA/F706) Authentication." In theory, the IRM section provides appropriate research and procedural instructions for IRS customer service representatives to verify the identities of taxpayer representatives who indicate they have on file a third-party authorization. In practice, the IRM

¹⁸ The Taxpayer First Act ([H.R. 5444](#)), by a 414-0 vote, and the 21st Century IRS Act ([H.R. 5445](#)), by a 414-3 vote. The reform bills were later incorporated in H.R. 5444

¹⁹ The bill would require IRS to publish guidance on the use of commercial electronic signatures for powers of Attorney and disclosure authorizations by enrolled agents and other Circular 230 practitioners.

update requires CSRs to ask practitioners holding valid POAs who contact the agency via the PPS phone line—or any toll-free IRS telephone number—to provide her SSN and DOB in addition to her name and CAF number.

Since this policy has been in place (though the IRM does not currently reflect these changes), a number of NAEA members voiced their concerns. The GR team proposed alternative solutions to the GRC Chair and committee and wrote a [letter](#) to Acting Commissioner Kautter in which we offered alternative authentication solutions for IRS to consider. In the agency's [response](#), the Service acknowledged NAEA's suggested alternative authentication solutions. The Service also indicated it would further explore alternative solutions, including our suggestion that CSRs verify EAs calling the PPS line by using a desktop version of the IRS2Go application to send a pin code to the EA's cell phone tied to their e-Services and Secure Access account.

Finally, in October, a Treasury Special Agent served a member with a cease and desist letter with respect to her use of an IRS-approved EA logo on her business card. The GR team wrote a [letter](#) to RPO and OPR asking for an explanation and clarification. RPO Director Carol Campbell responded in full and acquiesced to our request for a transition period by providing EAs six-months from when the agency released a new logo²⁰ to cease using the former logo on any advertising, websites, business cards, and other communications.

Jeff Trinca and Bob Kerr also met with OPR Director Steve Whitlock to discuss the logo and other lingering EA issues (including how to clarify that any legacy Circular 230 practitioner (EA, CPA, or tax attorney) may verify any element of a return for purposes of qualifying for any federal program or benefit).

²⁰ IRS released on May 3 and established October 31, 2018 as the deadline EAs must cease using the former logo.

INFORMATION TECHNOLOGY

TO: NAEA Board of Directors
FROM: Jeff Gentner, EA, Chair
SUBJECT: Information Technology Committee Report
DATE: May 4, 2018

MEMBERS: George Caesar, EA; Jerry Gaddis, EA; Jeff Gentner, EA (chair); Jeanette Hall, EA; Jake Johnstun, EA; Melissa Longmuir, EA; Andy Stadler, EA; David Tolleth, EA

STAFF: Robert Kerr, NAEA EVP

STATUS:

The IT Committee has continually been focused on improving the technology experiences for the members of NAEA. The Find a Tax Expert Directory initiative continues to generate non-dues revenue for our Association. The new NAEA website, although an improvement over the previous site, continues to offer challenges. Many of the goals the IT Committee set for it, with input from the previous NAEA EVP, have not been met. It became very clear to the committee after the last Board Meeting in November 2017, that our input was either being ignored or not supported. This became even more evident after we held a committee meeting in early December 2017.

Now that it has been decided not to commission the IT Committee in the coming year, the committee is concerned about many of the same things that were the basis for the committee's formation.

The website is a living document. It needs constant attention and refreshing. It requires regular management. Who is going to ensure that this happens? When is the online new member application going to be fully functional? What sort of aggressive marketing will be done to promote the Find a Tax Expert Directory? How often the website is evaluated (Google Analytics)? These are just a few of the unanswered questions.

Find a Tax Expert Directory

The directory continues to be a useful tool for members to market their practices. New users of the directory rose nearly 10% during the recent tax season (compared to last tax season). Referrals from search engines rose 29%. There are currently 348 active ENHANCED subscribers. Major marketing is needed for the continued success.

MEMBERSHIP

FROM: David Tolleth, EA; Co Chair
Rich Rhodes, EA; Co Chair
SUBJECT: Membership Committee Report
DATE: April 27, 2018

MEMBERS: Bernadette Antonelli, EA; Kathy Brown, EA; Catherine Bostock-Hudy, EA;
George Caesar, EA; Margy Dunn, EA; Chris Hardy, EA; Patti Kappen, EA;
Laura Passe, EA; Linda Ward, EA

STAFF: Katrina Holland

STATUS:

The Membership Committee continued to work on its initiatives following the November Board meeting. With the NAEA fiscal year coming to a close, the Committee made a final push to support efforts that ensured the implementation of recruitment and retention efforts for 2017/2018. The recruitment target is nonmember new EAs. For this Committee, it meant supporting: 1) a pre-tax season recruitment campaign, 2) a post-tax season campaign, 3) a proposal for a firm membership pricing plan, 4) new member orientation webinars during tax season, 5) auto renewal, 6) printing membership cards online, and 7) new member engagement.

Pre-tax season campaign. The Committee kicked off a short campaign right before tax season. Before launching the campaign, NAEA alerted all state affiliates. The campaign focused on a target of nonmember new EAs and a total market of 1942 potential members from the September 2017 list of EAs. Total joins from this effort were 147 for a campaign with a window of 10 days. This group received an email offer to join NAEA for \$10 and received a six month trial membership. At the end of the six months, they are invited to join NAEA under the Special Enrollment Exam promotion which gives new EAs \$100 off of membership. As a part of the campaign, members of the Membership Committee offered all new EA members who joined through the promotion, the opportunity to connect with them during tax season for mentoring if they had questions. The new EAs will receive a survey to complete at three (3) months so we can gauge the likelihood of them renewing and also to check in with them to see how they are taking advantage of their NAEA membership. State affiliates are encouraged to reach out to these members as well. Please see the attached charts detailing the results of the campaign compared to a previous campaign to the same target.

Post tax season campaign. Following tax season, there is a campaign focused on a target of nonmember new EAs and a total market of approximately 1248 potential members from the March 2018 list of EAs. The Committee reviewed the marketing campaign, along with a

timeline that includes various pieces of collateral that will be deployed to the prospects at multiple times during the six (6) month trial offer, and throughout the duration of the campaign once they elect to remain members of NAEA. Examples of collateral include: brochure, postcard, surveys, giveaways, video, etc. It is important to note that, effective 2018 the IRS is no longer providing email addresses as a part of its list of EAs. This means that marketing campaigns will need to factor in getting those email addresses from prospective members.

Proposal for a firm membership pricing plan. The Committee was charged to explore the feasibility of creating a group pricing plan that packaged NAEA membership with education, or which created an incentive to compel all tax professionals in a given firm to sign up for NAEA membership and get access to benefits. The Committee includes as an attachment to this report, its recommendation for a proposal to create a firm pricing plan.

New member orientation webinars. As a part of its assessment, the Committee determined that NAEA needs to improve its engagement strategy among new members and more actively share information about NAEA products, services and resources. Actively engaging new members increases the likelihood of their renewal and improves the retention rate (87%) as compared to our legacy members (90%).

Auto renewal. New this year, NAEA members have the option of signing up to auto renew their membership. The operational change went live in late 2017 with member communications around the topic kicking off just before tax season. Future communications on the topic, including instructions on how to enroll are planned throughout 2018. The goal with auto renewal is to realize more member revenue sooner and to establish more automation around dues billing, creating less disruption of member services because of forgetting to renew and also providing more efficiencies in internal membership operations.

Printing membership cards online. Members now have the ability to print their membership card through the NAEA Web site. After logging into their account profile, one may select “view/print membership card” as an option. This added feature gives members instant access to their membership information and also represents a future costs savings for membership operations.

New Member Engagement. New member events (breakfast and assigning NAEA leaders a new member to shadow) are held onsite at the National Conference and NTPI Orlando and they continue to be well received with several new members mentioning the value in learning about member resources onsite and connecting with NAEA leadership. New member webinars are also extremely successful with Committee member, Chris Hardy, EA, leading those efforts with NAEA staff, Katrina Holland, on a regular basis. Those bi-monthly webinars will continue and there are plans to expand on them and make them available to all NAEA members in some format.

Webinars for State Affiliates. The Committee also hosted a webinar, led by Catherine Bostock- Hudy, EA, which provided the Membership Chairs of each of the state affiliates with information about NAEA membership operations and various member resources. This informational webinar was well received and there are plans to repeat it as needed.

Budget Items. The Committee worked with staff to add dollars to the 2018/2019 Budget, to: 1) send two seasoned NAEA members to all of the National Tax Forum (NTF) locations, 2) improve onsite joining technology, 3) more effectively leverage our NAEA speakers with our participation in the booth and demo rooms at NTF, and 4) purchase ads and/or digital media opportunities in industry publications to raise awareness of NAEA among nonmembers. The Committee sees merit in allocating future resources to an online marketing campaign using Facebook and is hopeful that the new Committee will continue to pursue these exciting opportunities to grow NAEA.

Full Year in Review. The chart below reflects the final status of the membership initiatives for 2017/2018. Of note, the final push for recruitment at the end of the year made the difference with these numbers. A special thank you to the commitment of this Committee who participated in bi-weekly phone calls –even a couple during tax season – to continue to lead these efforts.

It is important to note that while the Committee is pleased with the recent focus on New EA recruitment and looks forward to continuing to consistently reach out to the New EAs twice a year when the lists are released from the IRS, there is much work to be done to move the dial and truly grow NAEA membership. Based on a review of the numbers for attrition year over year, it is clear that the growth rate for membership must exceed 15%, or over 1600 members annually in order to maintain our current membership numbers.

Recruitment

Tactical Initiative	Total Market	Goal	Progress to date	% of Goal	End date
New EAs	3500	275	291	105.82%	6/30/2018
Member get a member	17,500	200	74	37.00%	6/30/2018
IRS Tax Forum	10,000	80	27	33.75%	10/31/2017
eOnly (Non EAs)	44,000	250	-	0.00%	6/30/2018
Large Firm	9800	265	-	0.00%	6/30/2018
National Conference/NTPi	23,000	60	13	21.67%	11/30/2017
Join NAEA on their own		220	427	194.09%	6/30/2018
Join NAEA on their own for free		100	163	163.00%	6/30/2018
GRAND TOTAL		1450	995	68.62%	

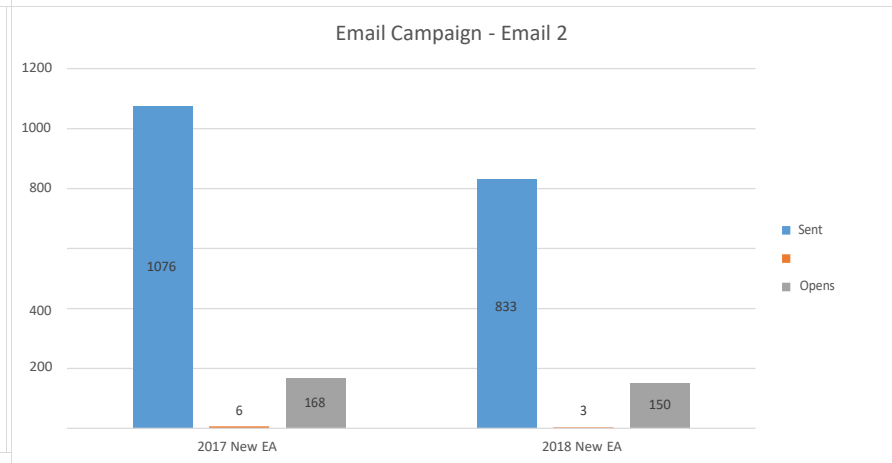
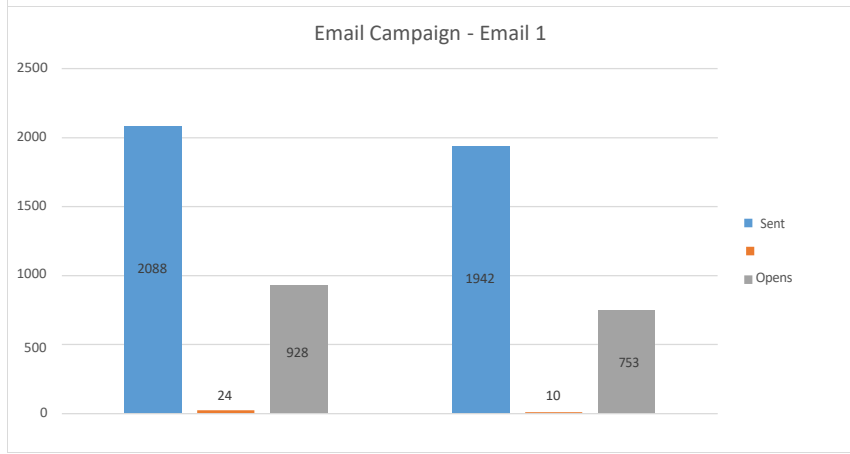
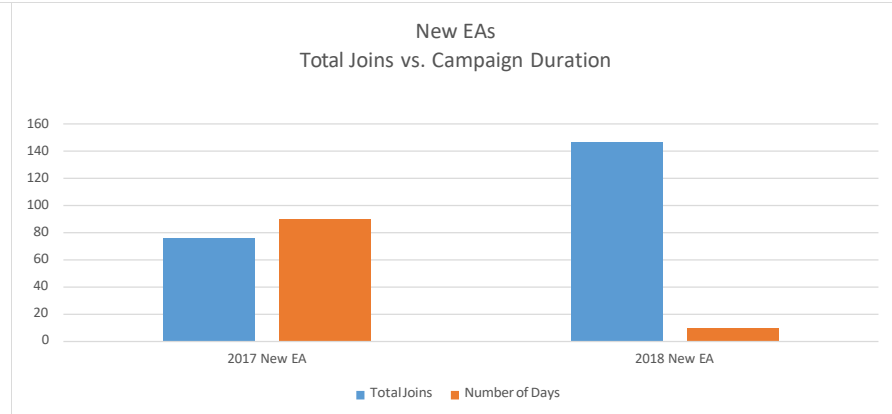
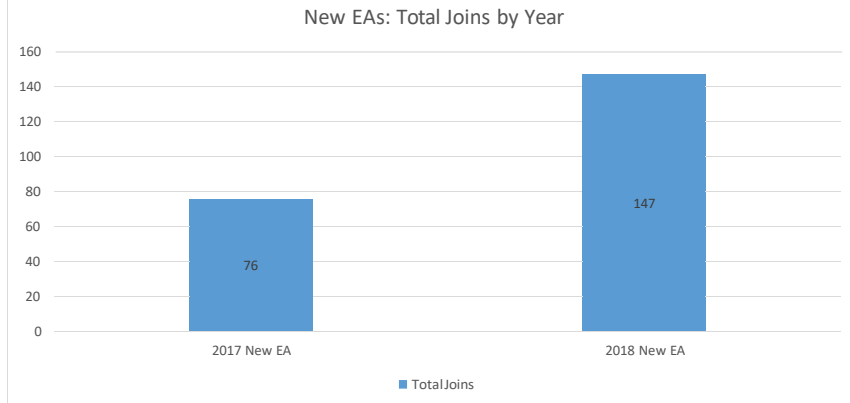
Retention

Tactical Initiative	Goal	Progress to date	% of Goal	End Date
New member webinars	500	455	91.00%	6/30/2018
In Person Engagement activities (New member events at NTPi)	2	2	100.00%	11/30/2017

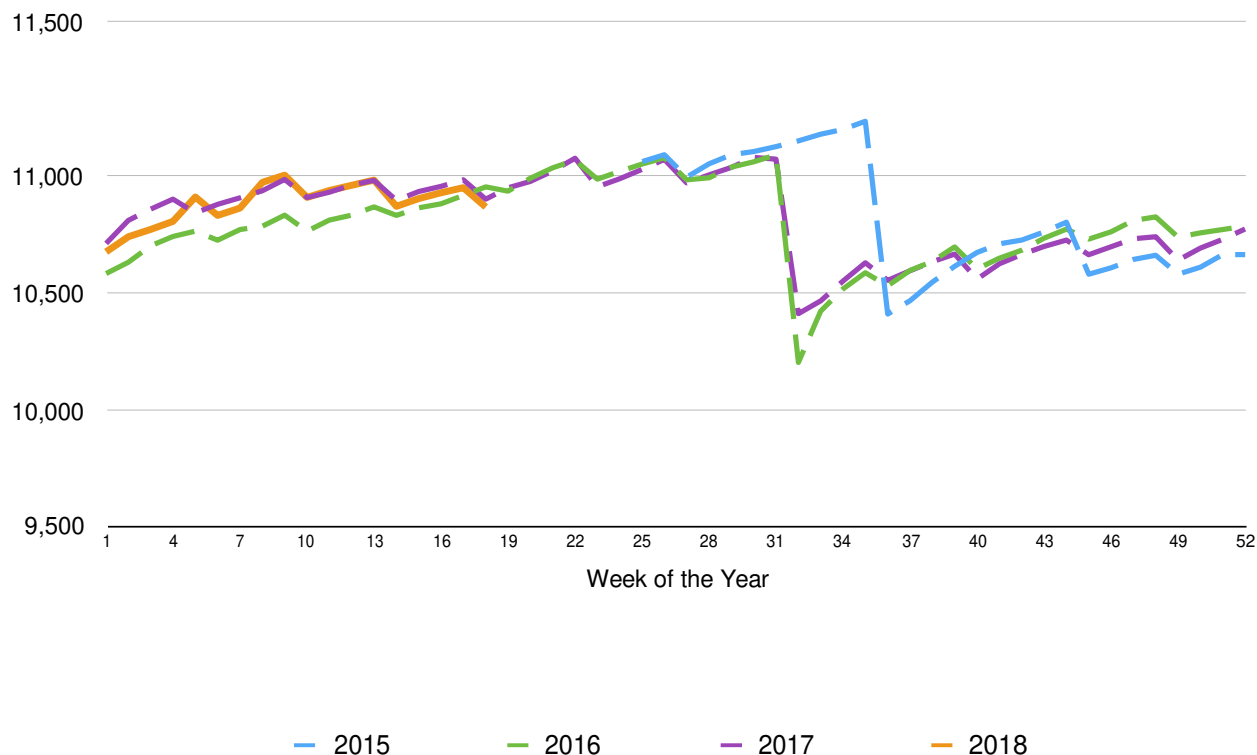
Email Campaign

	Email 1			Email 2			Email 3		
	Sent	Unsubscribes	Opens	Sent	Unsubscribes	Opens	Sent	Unsubscribes	Opens
2017 New EA	2088	24	928	1076	6	168	905	4	203
2018 New EA	1942	10	753	833	3	150	NA	NA	NA

	Total Joins	Number of Days
2017 New EA	76	90
2018 New EA	147	10



NAEA Membership Count



This chart shows the NAEA membership count from the weekly NAEA Master Membership reports going back to June 22, 2015 - the oldest reliable report.

The the orange solid line shows 2018 figures, the dashed purple line shows 2017 figures, the dashed green line shows 2016 figures, and the dashed blue line shows 2015 figures.

The data illustrates a few things:

- **As of April 30, 2018 we have 10,867 members and associates, 34 less than we had this time last year.**
- **A loss of 41 members and associates since March 5 - sorry I missed a month - is the result of (roughly) 65 new members and associates, 150 suspensions from the February and March 2018 renewal groups, and 144 renewals from the September 2017 through February 2018 and prior renewal groups.**
- **As of April 30, 292 members and associates in the April 2018 renewal group have not yet renewed their membership (roughly 47% of this cycle). These 292 members and associates will have their membership suspended on May 31, unless they renew before then.**
- **There are 1,168 new NAEA members and associates who have joined NAEA between April 16 2017 and April 15, 2018 (10.7% of our current membership); 482 new members and associates have joined since December 16, 2017. This includes roughly 147 who accepted our offer for a free 6-month membership just before tax season.**

The breakdown of members, emeritus members, associates, and academic associates as of February 5 is

10,045 Members	(- 27)	92.3%
55 Emeritus Members	(- 1)	0.5%
420 Associates	(- 9)	3.9%
338 Academic Associates	(- 4)	3.2%
9 Affiliate Staff	(+ 0)	0.1%

10,867 Total	(- 41)	100.0%

- Confidential -
The information contained in this report

Membership Count from NAEA Master Membership Report

Month (Roughly)	Week	2015	2016	2017	2018	Prior Year Variance	Variance as a % of Prior Year Count
January	1		10,582	10,712	10,675	-37	-0.3%
	2		10,631	10,810	10,739	-71	-0.7%
	3		10,701	10,858	10,771	-87	-0.8%
	4		10,741	10,901	10,805	-96	-0.9%
February	5		10,764	10,842	10,910	68	0.6%
	6		10,725	10,879	10,831	-48	-0.4%
	7		10,771	10,907	10,862	-45	-0.4%
	8		10,785	10,938	10,973	35	0.3%
March	9		10,833	10,986	11,004	18	0.2%
	10		10,764	10,908	10,908	0	0.0%
	11		10,812	10,931	10,938	7	0.1%
	12		10,833	10,962	10,960	-2	-0.0%
	13		10,868	10,982	10,982	0	0.0%
April	14		10,832	10,896	10,870	-26	-0.2%
	15		10,864	10,934	10,903	-31	-0.3%
	16		10,881	10,956	10,928	-28	-0.3%
	17		10,918	10,984	10,950	-34	-0.3%
May	18		10,954	10,901	10,867	-34	-0.3%
	19		10,936	10,950		14	0.1%
	20		10,991	10,977		-14	-0.1%
	21		11,036	11,022		-14	-0.1%
June	22		11,069	11,077		8	0.1%
	23		10,987	10,955		-32	-0.3%
	24		11,021	10,989		-32	-0.3%
	25	11,063	11,052	11,029		-23	-0.2%
	26	11,092	11,079	11,072		-7	-0.1%
July	27	10,996	10,985	10,971		-14	-0.1%
	28	11,053	10,993	11,005		12	0.1%
	29	11,092	11,039	11,038		-1	-0.0%
	30	11,106	11,062	11,081		19	0.2%
August	31	11,127	11,092	11,073		-19	-0.2%
	32	11,151	10,201	10,410		209	2.0%
	33	11,180	10,421	10,465		44	0.4%
	34	11,201	10,517	10,550		33	0.3%
September	35	11,236	10,586	10,629		43	0.4%
	36	10,409	10,530	10,553		23	0.2%
	37	10,466	10,596	10,594		-2	-0.0%
	38	10,546	10,635	10,633		-2	-0.0%
	39	10,614	10,697	10,666		-31	-0.3%
October	40	10,673	10,603	10,558		-45	-0.4%
	41	10,710	10,648	10,624		-24	-0.2%
	42	10,726	10,683	10,664		-19	-0.2%
	43	10,761	10,734	10,698		-36	-0.3%
November	44	10,803	10,773	10,726		-47	-0.4%
	45	10,580	10,730	10,663		-67	-0.6%
	46	10,607	10,762	10,697		-65	-0.6%
	47	10,643	10,810	10,732		-78	-0.7%
December	48	10,661	10,825	10,740		-85	-0.8%
12/04/2017	49	10,579	10,739	10,639		-100	-0.9%
12/11/2017	50	10,610	10,757	10,691		-66	-0.6%
12/18/2017	51	10,664	10,771	10,729		-42	-0.4%
12/25/2017	52	10,664	10,785	10,773		-12	-0.1%

Proposal to Develop a Firm Membership Pricing Plan

Objective: The goal is to create additional dues and non-dues (education) revenue by packaging NAEA membership to appeal to EAs who favor a group discount.

Recommendation/Motion: The Board of Directors approve a trial firm membership pricing plan that targets nonmember EAs and nonmember non EAs where the firm pays a fee of \$100 and each person in the firm pays \$140

Assumptions:

1. The NAEA bylaws require enrolled agents to be members of NAEA and their state affiliate. This holds true for this pricing plan as well.
2. If approved, this model would be deployed to nonmember EAs, inviting them to join NAEA and sign up all the members of their firm

Membership Model

The proposed firm model allows both EAs and non EAs to join NAEA at a discounted rate if they all work together in the same firm. The model presupposes that there are NAEA member firms among us who are paying for one membership, but which have multiple other potential members within the firm (both EAs and non EAs) who don't pay for membership, but who would if given the opportunity and the incentive to do so.

Background

The 2017/18 Membership Committee was charged to explore the feasibility of NAEA pursuing a firm membership pricing plan as a component of its membership growth strategy. In exploring this direction, the Committee deployed a survey instrument to seek more information on how many NAEA member firms had nonmembers in their firms (both EAs and non EAs) who would be open to joining NAEA. Seeking to understanding the data was critical because NAEA would be launching a campaign that presumes that there are multiple firms out there who have only one NAEA member, but which have many other potential members working there who would join NAEA if given an opportunity to get a group discount.

Results of the Survey and Margin of Error

A survey was deployed to all NAEA members. Of the 9505 members, we received 1708 responses representing an 18% response rate. Given the survey sample size and response rate, the results of the survey had a margin of error of 2. This means that these results have an overall confidence level of 95%. A 95% confidence level means that if you asked any NAEA member the same questions, you can presume with a 95% likelihood that they would answer the question the same way, plus or minus 2.

For example, if the survey results found that 78% of respondents liked the color blue. This means that within the general population between 76-80% of the general population like the color blue.

Summary of Key Findings

- Solo practitioners. The survey found that 49% of NAEA members are solo practitioners. This takes 49% of the membership off the table to participate in this firm membership.
- Nonmember EAs in the Firm. The survey found that 70% of NAEA member firms *do not* have any nonmember EAs in their firm. This means that a firm membership pricing plan would need to target non EAs in NAEA member firms, rather than EAs where there is little potential market (24% of the market have 1-4 nonmember EAs).
- Non EAs in the Firm. The survey found that 50% of NAEA firms didn't have any non EAs in the firm. And 38% of NAEA firms have 1-4 non EAs in their firm, further validating that there is some potential to pursue a non EA firm membership pricing plan.
- Saving money on dues or education. The survey found that 72% of members say that none of the nonmembers would join if they saved money on dues (at least 28% of them are already members). And 68% of members say that none of the nonmembers would join if they saved money on educational events, with 15% saying some would join and 10% saying all would join.

In sum, the data would suggest that there is little market potential to pursue an EA focused group membership model in the current market. Given that many NAEA member firms are solo practitioners and that most EAs in those firms are already members of NAEA, the market potential for this effort is not strong. On the other hand, there is some potential to pursue a non EA focused group membership and the potential for that effort may be further supported if there were potential savings on educational events as a possibility.

Although the data doesn't support the broad implementation of this pricing plan into the current market, to further illustrate the potential impact, Figure 1 (attached) is a summary of 3 test cases to consider for the 24% of the market that may have nonmember EAs to participate in this campaign.

Conclusion

We considered several issues before making this recommendation and believe that there are some key learnings from the member-deployed survey that inform our decision to offer this trial firm pricing plan to nonmembers. We know that *half* of our membership wouldn't be interested because they are solo practitioners. We have also taken into account the financial model – of the 3 test cases - that best supports our revenue goals for NAEA, considering the cost of service calculation. Finally, although surprising to learn that our EA members don't favor packaging education with membership as a value add, there may be future opportunities to include educational offerings for non EAs if this trial pricing plan gains traction.

Test Case 1

The assumption is that 1000 firms join. The size of the firm is 3 and 3 join. The firm pays a fee of \$100 and each person (EA or non EA) pays \$140.

	Firm Membership Fee	Member 1	Member 2	Member 3	TOTAL PROJECTED REVENUE
Year 1	\$33,300.00	\$31,080.00	\$31,080.00	\$31,080.00	\$126,540.00
Year 2 (87% retention)	\$29,000.00	\$27,020.00	\$27,020.00	\$27,020.00	\$110,060.00

Test Case 2

The assumption is that 1000 firms join. The size of the firm is 3. The firm pays a fee of \$500 and each person (EA or non EA) pays \$95.

	Firm Membership Fee	Member 1	Member 2	Member 3	TOTAL PROJECTED REVENUE
Year 1	\$166,500.00	\$21,090.00	\$21,090.00	\$21,090.00	\$229,770.00
Year 2 (87% retention)	\$145,000.00	\$18,335.00	\$18,335.00	\$18,335.00	\$200,005.00

****Test Case 3**

The assumption is that 1000 firms join. The firm pays \$1000. Included in the fee: dues for all firm members and registration for the national conference

	Firm Membership Fee	Member 1	Member 2	Member 3	TOTAL PROJECTED REVENUE
Year 1	\$1,000,000.00	\$0.00	\$0.00	\$0.00	\$1,000,000.00
Year 2 (87% retention)	\$870,000.00	\$0.00	\$0.00	\$0.00	\$870,000.00

Control Group

The assumption is that 1000 firms join. The size of the firm is 3 and 3 join. Everyone in the firm pay \$215.

	Firm Membership Fee	Member 1	Member 2	Member 3	TOTAL PROJECTED REVENUE
Year 1	NA	\$71,595.00	\$71,595.00	\$71,595.00	\$214,785.00
Year 2 (87% retention)	NA	\$62,350.00	\$62,350.00	\$62,350.00	\$187,050.00

*87% retention rate in year 2 based on NAEA retention data for new members in year 2

**Need to see side by side comparison of annual revenue for National Conference, plus number of attendees

Cost of Serving NAEA Members by Expense

<u>Meeting or Resource</u>	<u>Annual Cost</u>	<u>Cost per Member</u>	<u>Percent of Members in Attendance/Receive Benefit</u>
Printing, production, postage and lapsed phone calls for renewal series	50,000.00	4.55	100%
Member database; phone rental/service, hardware/software; website hosting	77,287.00	7.03	100%
National Conference	330,810.00	30.07	7%
Board Meetings (May, August, November)	86,150.00	7.83	less than 1%
NTPI Orlando	153,904.00	13.99	3%
EA Journal Production	130,500.00	11.86	100%
Fly In Meeting	20,000.00	1.82	less than 1%
APEX Meeting (May and November)	55,530.00	5.05	less than 1%
Online Education	79,800.00	7.25	5%
Total Cost	856,694.00	89.45	

*Cost of serving members is an important calculation to consider when determining what your dues level should be. If dues do not cover the costs to serve members, then additional products/services will need to be developed and sold to members to ensure the organizations continued financial viability. These are hard costs only. ***This does not factor in staff time***

Constant Contact Survey Results

Survey Name: 1217 KAHMEMFIRMPROPOSALSurvey

Response Status: Partial & Completed

Filter: None

1/8/2018 12:25 PM EST

*How many total tax professionals are in your firm (including EAs and non EAs)?

Answer	0%	100%	Number of Response(s)	Response Ratio
Solo practitioner			844	49.4 %
2-4			550	32.2 %
5-9			166	9.7 %
10-14			42	2.4 %
15 or more			105	6.1 %
No Response(s)			0	0.0 %
Totals			1707	100%

Answer	0%	100%	Number of Response(s)	Response Ratio
Yes			1338	78.3 %
No			368	21.5 %
No Response(s)			1	<1 %
Totals			1707	100%

*Does your firm pay for your NAEA membership?



Answer	0%	100%	Number of Response(s)	Response Ratio
1			1342	78.6 %
2-4			307	17.9 %
5-9			23	1.3 %
10-14			3	<1 %
15 or more			29	1.6 %
No Response(s)			3	<1 %
Totals			1707	100%

*****How many nonmember EAs are in your firm?

Answer	0%	100%	Number of Response(s)	Response Ratio
0			1198	70.1 %
1			197	11.5 %
2-4			204	11.9 %
5-9			46	2.6 %
10-14			9	<1 %
15 or more			51	2.9 %
No Response(s)			2	<1 %
Totals			1707	100%

*****How many non EAs are in your firm (AFSP, unenrolled preparers, interns, CPAs)?

Answer	0%	100%	Number of Response(s)	Response Ratio
0			848	49.6 %
1			301	17.6 %
2-4			348	20.3 %
5-9			86	5.0 %
10-14			30	1.7 %
15 or more			92	5.3 %
No Response(s)			2	<1 %
Totals			1707	100%

Answer	0%	100%	Number of Response(s)	Response Ratio
None			758	44.4 %
All			146	8.5 %
Some			235	13.7 %
Few			90	5.2 %
N/A			477	27.9 %
No Response(s)			1	<1 %
Totals			1707	100%

* How many non-members would join if there were a new pricing plan that saved you money on registration for educational events?

Answer	0%	100%	Number of Response(s)	Response Ratio
None			719	42.1 %
All			176	10.3 %
Some			254	14.8 %
Few			106	6.2 %
N/A			451	26.4 %
No Response(s)			1	<1 %
Totals			1707	100%

PAC

TO: NAEA Board of Directors
FROM: Phyllis Jo Kubey, EA, CFP, Chair
SUBJECT: PAC Steering Committee Report
DATE: May 3, 2018

MEMBERS: Vicki Ferrantello, EA; Tony Frezza, EA; Rose Fulton, EA; Phyllis Jo Kubey, EA, CFP, Chair; Nancy Lyman, EA; Alexander B. Thomson, EA, CFP

STAFF: Justin Edwards, NAEA Associate Director of Government Relations and PAC Treasurer

The PAC Steering Committee (PAC SC) continues to work with the Government Relations (GR) Department to promote, protect, and further enhance the EA brand through continuous NAEA PAC fundraising and relationship-building efforts.

The PAC kicked off its twelfth year on April 1, 2017. During the 2017-2018 PAC year, we raised \$105,491 from 388 contributors, including 100 percent of NAEA's 2017-2018 Board of Directors. We exceeded our 2017-2018 annual goal by five percent.

The table below presents data comparing performance for the last two full PAC years.

	2017-2018 PAC Year As of March 31, 2018	2016-2017 PAC Year As of March 31, 2017
Total contributions	\$105,491	\$101,193
PAC year-end goal	\$100,000	\$100,000
Contributions as % of annual goal	105%	101%
Average contribution	\$272	\$257
Total number of contributors	388	392
Number of club level contributors	313	319
Total club level contributors as a % of total contributors	81%	81%

Year over year, PAC contributions increased by four percent and our average contribution is up by nearly six percent. The high points include:

- \$15,750 from 62 contributors (53 first timers) during NAEA's National Conference in Las Vegas;
- \$8,885 from 56 contributors at the New York Society of Enrolled Agents' 30th Annual Conference (with Justin Edwards, Phyllis Jo Kubey, EA, CFP, and Nancy Lyman, EA on site);

- \$5,150 from 33 contributors (26 new) during the Orlando NTPI conference, helping the NAEA PAC Steering Committee meet its \$4,350 PAC Matching Challenge;
- \$4,000 from 26 contributors after sending a post-Labor Day PAC fundraising email;
- \$3,160 from 12 contributors at the New Mexico Society of Enrolled Agents' (NMSEA) annual meeting (Justin on site);
- \$2,457 from 17 contributors after sending a post-Independence Day PAC fundraising email; and
- \$3,015 from 24 contributors after sending a 3/31 last call email.

We believe the dollar increases this year are attributable to the 17 percent increase in Congressional Club (\$1,000+) contributors and a 31 percent increase in Board of Directors Club Level (\$250-\$499) contributors.

The PAC Steering Committee has held six regular conference calls since the last Board meeting in November. These calls cover a wide range of topics, including relationship-building efforts with the congressional tax writers, spend plan adjustments (for changes due to congressional retirements and otherwise), and PAC administration efforts. We continually discuss new ideas on how to: grow PAC contributions and increase our contributor base, increase Affiliate involvement in PAC fundraising, and educate NAEA members about NAEA PAC relationship-building efforts with tax writers.

On October 25th, NAEA's EVP signed a three-year contract with Aristotle (a third-party PAC administration vendor). The contract allows NAEA to outsource the majority of NAEA PAC administration and modernize PAC fundraising tools and analysis. Aristotle has been working with Justin on integration issues and the design of a new NAEA PAC website. Not only will this software tool enable the PAC SC to more efficiently and effectively fundraise, but it will also for the first time provide Justin and PAC SC member's access to real-time statistical analysis.

Aristotle worked with Justin to import the last 12 years of PAC data before filing the 2017 year-end FEC report and the April 15 quarterly FEC report. Aristotle examined our bank statements and provided bank reconciliation reports to accompany the FEC reports. Aristotle completed the design of the NAEA PAC website and is test loading NAEA membership data. The new website will also auto-populate contributor lists on the website in real-time (to date Justin did this manually). The new software will significantly reduce the time Justin spends on PAC administration responsibilities, and the software will be able to examine and report data more efficiently.

Since the last Board meeting, Bob Kerr, NAEA's EVP, PAC Treasurer Justin Edwards, and Jeffery Trinca, NAEA's Legislative Counsel, attended 29 fundraising events with members of the House Ways and Means and Senate Finance Committees on both sides of the aisle. Justin and Jeff have also attended events with moderate groups outside of the tax-writing committees, including

events with the New Democratic Coalition (NewDemPAC), the Blue Dog Coalition (Blue Dog PAC), the Tuesday Group, and the Republican Main Street Partnership. These relationship-building opportunities continue to aid NAEA PAC in its mission to promote awareness of enrolled agents and the EA profession with the congressional tax writers and now, with the expansion of PAC funds to moderate groups on both sides of the aisle, to other important policymakers.

PUBLIC RELATIONS & SOCIAL MEDIA

TO: NAEA Board of Directors
FROM: Trish Evenstad, EA, Jerry Gaddis, EA
DATE: May 02, 2018
SUBJECT: PR Committee Report

Committee Members: Aaron Blau, EA, Friday Burke, EA, Trish Evenstad, EA (Chair), Jerry Gaddis, EA (Chair), Chris Hardy, EA, Jennifer MacMillan, EA, Stephen Mead, EA, Ricardo Rivas, EA, Rachel Simon, EA

Staff Liaison: Liesa Ross, Director of Marketing, Communications, and Public Relations

STATUS:

The committee charges for this year were updated to include language from the strategic plan to clarify the importance of *increasing public recognition of Enrolled Agents as America's Tax Experts* as the committee's primary charge.

In addition to the written charges we were directed to help acquaint several new staff members with our association, our members and our industry and to build a communications infrastructure that would serve the association for many years to come.

Specific goals for the 2017-2018 PR committee included being more organized and proactive in joining on-going national conversations, being more active on social media, capturing visual content necessary to improve the NAEA YouTube channel and targeting the military and Hispanic markets.

During this governance year we met monthly to work on the charges set for us by President Adelman. We knew the charges, directions and goals were ambitious and that success would be challenging. We are pleased to update membership on our efforts:

Please join us in celebrating the following successes:

Client newsletters and customizable press releases were updated on the tools for members section of naea.org to empower members to promote themselves as America's Tax Experts (charge #2).

Enrolled Agent Week Proclamation templates and press releases were provided to the affiliates to promote themselves and their members as America's Tax Experts (charge #3).

The committee was consistently available to serve as (and to support round up) subject matter experts for NAEA media outreach (charge #4). Based on staff tracking, NAEA has seen a

significant increase in media coverage (26% by end of December 2017), and particularly during tax season (up 115% over the 2017 season, 100% over 2016).

The rolling 12-month content calendar (charge #5) has been developed. It provides the staff key talking points so that appropriate content can be developed and distributed in a timely manner. All members of the committee and designated members of the NAEA staff have access to the calendar to add ideas that can be used on social media and in larger PR campaigns. The goal is to fill the calendar with fresh and timely content so that NAEA is never at a loss for talking points that can increase public recognition of Enrolled Agents as America's Tax Experts (charge #1). We encourage the staff and future committees to continue maintaining and utilizing this key communications tool.

The style guide (charge #6) has been developed so that how the association, its members and our credential is to be communicated in the media is now clearly defined. We encourage the staff and future committees to utilize this standardized tool as well.

On the social media front (charges 8 & 9) we took some small steps forward this year. Both the quality and quantity of our Facebook and Twitter content has improved and our following / influence is growing at a slow but steady rate. Total views on NAEA content published on Twitter increased by 130%, while engagement and audience growth rose by 35% and 11% respectively. Facebook saw a similar increase, with total views on NAEA content rising by 43% and engagement increasing 79%. Total audience size on Facebook also increased by 15%. LinkedIn and YouTube continue to lag behind. NAEA's social media code of conduct has been updated and incorporated into the policy and procedure manual (section XIV) and the committee continues to monitor NAEA's social media platforms on a regular basis. Although this committee was not involved, the new member engagement platform (NAEA WebBoard) was launched and is actively being used by our members.

NAEA experienced some social media 'firsts' this year including our first invitation to participate in a live twitter tax chat and our first inclusion on a 'must follow' twitter list. They are small first steps in the right direction. In addition, this year for the first time NAEA began to utilize live-streaming to allow more members to engage with events they were not able to attend in person, including President Adelman's installation, the annual NAEA Awards Ceremony and two NTPI graduations. We are pleased with these firsts but remain concerned that NAEA lags behind the market in the productive use of social media.

The two main action items that the committee did not achieve to our satisfaction were engaging the Hispanic market and the veteran/military market. Although we were prepared and intentionally composed to achieve these goals we were unable to fulfill that commitment. We were also equipped to harness the power of google analytics to define Key Performance

Indicators (KPI) to quantify results and report out to members, leadership and staff (charge #7). With all the turnover – two staff liaisons and two EVPs’ – we were unable to get access until late last month so results were not available as this report is being written. We hoped to report metrics on the amount of hits that eatax.org received from all of the articles where members were quoted and/or NAEA referenced. We also failed to participate, over a long period of time, in the on-going national conversation about the first land-falling US hurricanes in over a decade, in spite of #HurricaneIrma breaking the internet* and all the new tax laws relating to the 10’s of millions of taxpayers in presidentially-declared disaster areas*. Finally, while we took some tiny steps forward on YouTube, we assume most members would not notice. In all these areas, there remains low-hanging fruit for NAEA to harvest.

There is still much work to be done and here are two recommendations for the future:

1. Recreate the market research survey from 2011 to see how much the needle has moved on Enrolled Agent recognition (charge #1) over the last several years
2. Join the era of big data and embrace the use of google analytics and other data tools to measure the effectiveness of our efforts.

Until we understand where we are and where we want to go, we will continue to report on activity rather than results.

ACTION REQUESTED:

None

SSMFAB

TO: NAEA Board of Directors
FROM: Joyce Mohr, EA, Chair
SUBJECT: Schuldiner/Smollan Memorial Fund Advisory Board Report
DATE: May 8, 2018
MEMBERS: Joyce Mohr, EA, Chair; Jerry Gaddis, EA, 1st Vice Chair; Lori Carpenter, EA 2nd Vice Chair
STAFF: Robert Kerr, EA
STATUS: The SSMFAB (Advisory Board) has had multiple conference calls and email correspondences.

- November 2017 Schuldiner/Smollan Leadership Academy in Orlando was a great success thanks to the instructors, staff and participants. The Advisory Board reviewed the evaluations, 26 participants attended.
- The SSMF balance at 7/1/2017 was \$304,486. As of 3/31/2018, the balance, including current year investment income net of investment expenses, is \$320,734. Current year expenditures for the November SSLA in Orlando were \$15,997.

Funding formula:

Included in the SSLA annual operating plan will be a funding request (to the BOD) that will be comprised of:

- Investment income from the SSMF
- General operating funds from NAEA
- Corporate or external funding
- Funds from the corpus of the SSMF. Note that the approved formula for funding from the SSMF includes all income earned on the fund corpus be used each year for the Leadership Academy

Annual grants could be made from the corpus, up to the amount budgeted for the Leadership Academy by NAEA from its operating funds, but not to exceed 10% of the value of the corpus in any one budget year

ACTION NEEDED: We ask the Board to approve the funding for SSLA/Pilot Graduate SSLA specifically designed for committee chairs in 2018-2019 governance year in an amount of ½ the total SSLA/Pilot Graduate SSLA expenses, excluding staff salary and benefits, not to exceed \$18,500.

2017-2018 CHARGES

2017-2018 NAEA AFFILIATE COUNCIL

Scope: The NAEA Affiliate Council (Council) is comprised of members of the affiliate leadership whose efforts are directed by the NAEA Board of Directors (BOD). Generally, the Council is responsible for collaborating membership initiatives between NAEA and the affiliates and understanding the challenges of the Affiliates and making the BOD and staff aware in an effort to build a strong affiliate network. The members of the Council are elected by the affiliate presidents and serve two-year terms.

Term: The Council's charge is effective May 19, 2017 and ends when the next NAEA officers and directors are installed in early May 2018.

Members: Kathy Brown, EA, (Chair); Tim Adams, EA; Bernadette Antonelli, EA; Michael Carlisle, EA; Lori Carpenter, EA; Jeff Gentner, EA

Staff Liaison: Katrina Holland

Charges & Responsibilities:

- Participate in planning and running the semi-annual APEX meetings and the periodic affiliate conference calls.
- Maintain frequent contact with affiliate leaders to offer advice and counsel to increase affiliate effectiveness.
- Increase the state affiliate participation in the APEX meetings to at least 85%.
- Provide feedback from the affiliates to the Board.
- Review Part XI of the Policy and Procedures manual and make any recommended changes to the Governance Committee, if appropriate.
- Collaborate with the SSMFAB on reviewing the SSLA project list. Identify projects that should be managed by the Affiliate Council and recommend additional projects that could be added to the SSLA project list.
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Coordinate any budget requests for new projects with staff by December 15 to be included in the following budget cycle

2017-2018 NAEA BYLAWS COMMITTEE

Scope: The NAEA Bylaws Committee is tasked with evaluating the current Bylaws to ensure they represent the best interests of the Members of the association and reporting any needed Bylaws amendments to the NAEA Board of Directors (BOD). At the direction of the BOD, the Bylaws Committee will draft proposed Bylaws amendments that are clear and concise, consistent with current Bylaws and NAEA's strategic mission. Proposed Bylaws amendments are approved by the BOD before being voted on by the NAEA members. The Bylaws Committee will coordinate efforts with appropriate staff to ensure that Bylaws amendments are noticed appropriately and copies are available for members.

Term: The committee's work commences on May 18, 2017 with installation of the new NAEA officers and directors and ends when the next board is installed in early May 2018.

Members: Raven Deerwater, EA, (Chair), Angela Radic, EA (Vice Chair); Melissa Longmuir, EA, Sandra Robb, EA, Adam Roberts, EA, Tina Stark, EA

Staff Liaison: A. Cedric Calhoun, CAE, FASAE

Charges & Responsibilities:

- Prepare any preliminary changes to the Bylaws and Policy and Procedures of NAEA that may or may not come from the work of the Governance Committee.
- Ensure that all NAEA and NAEA-EF proposed Bylaws amendments are reviewed by NAEA general counsel to ensure compliance with appropriate legal statutes – this effort is coordinated with the staff liaison.
- As requested by any NAEA affiliate, review affiliate Bylaws to ensure they are consistent and compatible with NAEA Bylaws. Make appropriate recommendations to affiliate leadership to rectify inconsistencies discovered.
- As requested by any NAEA affiliate, review and comment on proposed affiliate Bylaws amendments.
- Make periodic reports to the BOD.
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges. In addition to collaboration with all other committees, the Bylaws Committee is specifically asked to meet jointly with the Governance Committee to move more quickly to perform the obligations of both committees.
- Refer to the Bylaws Committee SOP for more information on the process.

2017-2018 NAEA GOVERNANCE COMMITTEE

Scope: The NAEA Governance Committee is responsible for ongoing review of documents and policies and procedures to enhance the quality, efficiency, and transparency of NAEA's governance process. The committee conducts periodic review of the NAEA governance documents, BOD processes and procedures, and all other items related to governance and makes recommendations to the BOD for consideration and implementation.

Term: The committee's work commences on May 18, 2017 with installation of the new NAEA officers and directors and ends when the next board is installed in early May 2018.

Members: Raven Deerwater, EA, (Chair), Angela Radic, EA (Vice Chair); Melissa Longmuir, EA, Sandra Robb, EA, Adam Roberts, EA, Tina Stark, EA

Staff Liaison: A. Cedric Calhoun, CAE, FASAE

Charges & Responsibilities:

- Review NAEA's governance processes to ensure the board deliberates efficiently and using knowledge-based governance.
- Conduct the periodic review of NAEA Policies and Procedures to ensure effective organizational processes, eliminate inconsistencies (internally or with the Bylaws), and stress association best practices. Recommend to the BOD any modifications. (The current P&P manual sunsets after 12/31/19.)
- Review Officer Job Descriptions in light of the Bylaws change to five officers.
- Review and recommend to the Board the appropriate composition of the Board of Directors to guide the association through the upcoming years. (In the past, each Board Member was responsible for being a liaison between assigned State Affiliates and the Board. Since the inception of the Affiliate Council, they have assumed that role, so a realignment of the size of the Board may need to be addressed.)
- Review the Bylaws and Policy and Procedures related to membership in State Affiliates, specifically members being members in State Affiliates of their residence and/or business interests, members where the state of residence and/or business interest has no State Affiliate, and members being members of multiple State Affiliates.
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges. In addition to collaboration with all other committees, the Governance Committee is specifically asked to meet jointly with the Bylaws Committee to move more quickly to perform the obligations of both committees.
- Refer to the committee's SOP for more information on the process.

2017-2018 NAEA *EDUCATING AMERICA*

Scope: The NAEA *Educating America* Committee will work with the PR department and Affiliates in introducing Enrolled Agent study and examination training to technical colleges, community colleges and four-year universities encouraging these educational institutions to adopt this training as part of their educational offerings as technical certificate, associate degree and/or bachelor degree programs. The goal of this initiative is to enhance the recognition of Enrolled Agents and the excellent career opportunities availability. This initiative is viewed as long-term goal and future lifeblood of the NAEA.

The committee's collaboration with national office staff liaison and affiliates requires consistent outreach to states to train volunteers to conduct the outreach to colleges in their local community and state. In addition, the committee, in concert with staff, is responsible for the coordination implementation and ongoing effort assisting affiliates in development of an internship program.

Term: The committee's work commences in May 2017 with installation of the new NAEA officers and directors and ends when the next board is installed in May 2018.

Members: Andy Stadler, EA (co-chair); Lori Carpenter, EA (co-chair); Susie DiMaggio, EA; Kerry Freeman, EA; Natasha Johnson, EA; Don Rosenberg, EA; Mary Sunderland, EA

Advisors: Courtney Sefjack, Gleim Publications Staff

Staff Liaison: Paula Posas

Charges & Responsibilities: Implementation of a standard taxation career program in colleges across the US, potentially touching over 30 million students every year. The primary goal is twofold: #1. Educating professors and students about the excellent career as an enrolled agent. #2. Elevate the recognition of enrolled agents. This initiative is recognized as the future lifeblood of the Association. The overall initiative is a ten-year plan. Other valuable benefits include increased overall membership, increased membership in the younger demographics.

Duties of *Educating America* Committee:

- Promote affiliate engagement of the *Educating America* program.
- Establish material for affiliates to use to engage with colleges administration and college students.

- Encourage affiliates to utilize job fair booths at college job fairs.
- Establish material for affiliates to develop internship program which builds stronger relationships with colleges.
- In concert with NAEA's PR Department, coordinate *Educating America* presence at Alpha Psi, TACTYC, and other academic events.
- Present to 250+ grassroots members in a speaker presentation style presenting the Educating America program.
- Continue to develop and explore the possibility of professional partnerships to enhance the Educating America Program at the affiliate and national level.
- Monitor Educating America website and social media presence.
- Mentoring students/ individuals who have expressed interest in obtaining EA credentials
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.

Duties of National office staff liaison: A key component of this initiative being successful is based upon staff liaison support and enthusiasm. In 2014 the board voted that half time (20 hours weekly) person at the national office duties would be dedicated to Educating America:

- Job fair booths - ensuring they are fully stocked with latest printed material and are clean
- Job fair booths - shipping and tracking
- Presentation material both printed and digital ensuring information is up-to-date and relevant, and plenty on hand.
- Writing articles for e-alert, social media and national media
- Contacting and arranging colleges campus visits with professors, administrators, students
- Maintaining and updating the detailed list of college job fairs
- Working with students/ individuals who have expressing interest introducing them to the mentorship program
- Administrative duties such as minutes, posting material to Dropbox

2016-2017 NAEA EDUCATION

Scope: The Education Chair is tasked with overseeing NAEA education as a whole and serving as the liaison to the Board. Focus is on the development NAEA's continuing education programs so they enhance NAEA members' professional skills and serve as an enticement for non-members. To maintain consistency among NAEA's educational offerings, the Chair will participate in the majority of Education Sub Committee activity.

Term: The Chair's work commences on May 19, 2017 with installation of the new NAEA officers and directors and ends when the next board is installed in early May, 2018.

Members: Alan Pinck, EA, (Co-Chair); Trish Evenstad, EA (Co-Chair)

Staff Liaison: Holli Jones Kimbrough

Charges & Responsibilities:

- Coordinates the efforts of the NTPI Planning and Tax subcommittees to maximize resources and maintain efficiency.
- Reviews all NAEA educational programming to ensure a high level of quality, consistency, and value. Keeps in mind the needs of our seasoned members as well as our new members. Considers the needs of non-members in conjunction with any membership growth initiatives.
- Serves as SME during staff feasibility study of NTPI credentialing and standardization of course material.
- Evaluates NTPI Level 1 Online and offers recommendations for courses to be updated.
- Collaborates with the Affiliate Council and the Membership Committee to better understand current and prospective members' education needs.
- Collaborates with any NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Refer to the Education Committee SOP for more information on the process.

2017-2018 NAEA NTPI PLANNING SUBCOMMITTEE

Scope: The NTPI Planning Subcommittee is responsible for the educational programming and curriculum for the National Tax Practice Institute held during National Conference and the fall program. The program consists of Levels 1–3 and a Graduate Level specializing in representation. While collaborating with staff, subcommittee members select instructors and develop specific programs/topics. In addition, the subcommittee reviews all course material for accuracy and clarity.

Timeline: The committee's charge commences on May 19, 2017 with the installation of the new NAEA officers and directors, but the actual work begins at the conclusion of the 2017 National Conference and ends at the 2018 National Conference.

Members: Melinda Bossard, EA, USTCP, Co-chair; Clayton Brown, EA, USTCP, Co-chair; Tom Gorczyński, EA, USTCP; Clarice Landreth, EA; Ricardo Rivas, EA; Karen Summerhays, EA, USTCP; Jennifer Verhey, EA

Staff Liaison: Holli Jones Kimbrough

Charge & Responsibilities:

- Plan educational programming for the 2018 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.
- Provide peer review for course materials submitted, looking at accuracy, thoroughness, and cohesiveness to the NTPI program as a whole.
- Consider offering an “Introduction to Representation” course via webinar. This could be a membership feeder program or an introduction to the NTPI program. Please note this is intended to introduce/complement the NTPI program and not compete with it.
- Serve as subject matter experts for NAEA staff.
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Refer to the Committee SOP for more information.

2017-2018 NAEA Tax Education Subcommittee

Scope: The NAEA Tax Subcommittee is responsible for the educational programming, program content, and instructors for NAEA education beyond NTPI. The primary focus is the Tax Preparation track at the National Conference. This track is designed to increase NAEA members' tax preparation expertise and help members enhance the profitability, revenue, and marketing as well as maximize operating margins for their practices. The committee will also advise on NAEA webinars (outside of representation) and the EA Exam prep program.

Term: The committee's charge commences on May 19, 2017 with the installation of the new NAEA officers and directors, but the actual work begins at the conclusion of the 2017 National Conference and ends at the 2018 National Conference.

Members: Bill Nemeth, EA (Chair); Catherine Bostock-Hudy, EA; Shirley Callahan, EA; Melissa Longmuir, EA; Nancy Lyman, EA; Vicki McGinn, EA; John Perry, EA; Mary Sunderland, EA

Staff Liaison: Holli Jones Kimbrough

Charges & Responsibilities:

- Plan educational programming for 2018 National Conference Tax Preparation track.
 - Review evaluations from the 2017 National Conference and consult with previous committee members as needed.
 - Develop call for speakers' application, review submissions, and select speakers for the Tax Preparation track.
 - Provide peer review for course materials submitted, looking at accuracy and clarity.
- Serve as peer reviewers for the bimonthly EAJ, reviewing accuracy of articles and questions/answers.
- Serve as subject matter experts for NAEA staff.
- Assess practice management needs of members. Consider webinar technology to deliver PM in an affordable and convenient manner.
- Develop appropriate webinar offerings for NAEA education.
- Review and monitor the NAEA/Gleim EA Exam prep programs.
- Collaborate when needed with the Educating America Task Force on best practices for offering the Enrolled Agent Examination program to the public.

- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Refer to the committee's SOP for more information.

2017–2018 NAEA ETHICS COMMITTEE

Scope: The NAEA Ethics and Professional Conduct (E&PC) Committee is responsible for reviewing and oversight of any investigations mounted against NAEA members for violations of the NAEA Code of Ethics and Rules of Professional Conduct (the Code). Committee members operate under the guidelines established in the Code. Members must be familiar with the Code and ethical requirements under Circular 230. Committee members must hold all information regarding complaints in the strictest of confidence.

Term: The committee's charge is effective May 19, 2017 and ends when the next NAEA officers and directors are installed in early May 2018.

Members: Nancy Lyman, EA (Chair); LG Brooks, EA; Ralph Nelson, EA; Charlotte Ogorek, EA, ECS

Advisor: Ruth Rowlette, EA, JD

Staff Liaison: A. Cedric Calhoun, FASAE, CAE

Charges & Responsibilities:

- Evaluate and process complaints against NAEA members in the manner proscribed 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 NAEA Board of Directors (BOD) the action (if any) that NAEA should take if an NAEA member is listed in the IRB with a censure from OPR.
- Develop a column or submit short articles to the EA Journal to help members consider what their ethical obligation is in specific common situations.
- Develop a plan to make the Code of Ethics and the Rules of Professional Conduct a positive resource for members.
- Develop a report for affiliates giving them guidelines for dealing with a non-tax related professional ethical issues (e.g., how to deal with a board member who repeatedly uses inappropriate ethnic language when addressing another affiliate member).
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Refer to the committee SOP for more information about this process.

- Coordinate any budget requests for new projects with staff by December 15 to be included in the following budget cycle

2017-2018 NAEA FINANCE COMMITTEE CHARGE

Scope: The NAEA Finance Committee was created to assist the board in reviewing the details of NAEA's financials to better understand our current situation, make recommendations for an updated financial projections, make other recommendations as appropriate, and assist in the budgeting process. The Committee members must maintain confidentiality of certain information obtained during their service except within the Committee and the BOD.

Term: The committee's work commences on May 19, 2017 with installation of the new NAEA officers and directors and ends when the next board is installed in early May 2018.

Members: Mike Fioritto, EA, CPA (Chair); Joni Cappuccio, EA; Tim Dilworth, EA, CPA (Ex-Officio); Nancy Lyman, EA; Doug Pickford, EA

Staff liaisons: Cassandra Brown, A. Cedric Calhoun, FASAE, CAE

Charges & Responsibilities:

- Develop an annual operating budget with staff.
- Approve the budget within the finance committee.
- Monitor adherence to the budget.
- Set long-range financial goals along with funding strategies to achieve them.
- Develop multi-year operating budgets that integrate strategic plan objectives and initiatives.
- Present all financial goals and proposals to the board of directors for approval.
- Develop useful and readable report formats with staff.
- Work with staff to develop a list of desired reports noting the level of detail, frequency, deadlines, and recipients of these reports.
- Work with staff to understand the implications of the reports.
- Present the financial reports to the full board.
- Create, approve, and update (as necessary) policies that help ensure the assets of the organization are protected.
- Ensure policies and procedures for financial transactions are documented in a manual, and the manual is reviewed annually, and updated as necessary.
- Ensure approved financial policies and procedures are being followed.
- Make any recommendations, if appropriate, to help simplify or streamline the financial reporting process (e.g., better alignment of fiscal year and governance year).
-

- Collaborate with any NAEA departments or NAEA committees/Committees as appropriate to fulfill these charges.
- Coordinate any budget requests for new projects with staff by December 15 to be included in the following budget cycle

2017-2018 NAEA GOVERNMENT RELATIONS COMMITTEE

Scope: The Government Relations Committee (GRC) supports the advocacy goal and objectives in the NAEA strategic plan by providing technical and practical counsel on legislative, regulatory, and/or tax administration issues to the Associate Director, Government Relations and the NAEA Board of Directors (BOD). GRC input is a critical component of both public and private positions the association takes on matters of tax administration and tax policy, including but not limited to congressional testimony and regulatory comment.

Term: The committee's work commences on May 19, 2017, with installation of the new NAEA officers and directors, and ends when the next board is installed in early May 2018.

Members: Jennifer MacMillan, EA (Chair); Jeff Augenstein, EA; Steve DeFilippis, EA; Frank Degen, EA; USTCP; Terry Durkin, EA, MBA; Lonnie Gary, EA, USTCP; Claudia Hill, EA; Kathy Hubbard, EA; Gina Jones, EA; David Miles, EA; Sean Reed, EA; Renee Schweke, EA; and Liz Zitzow, EA.

Staff Liaison: Justin Edwards

Charges:

- The chair may assist, as needed, the Associate Director, Government Relations in:
 - Formulating and executing a return preparer oversight bill strategy.
 - Writing position papers for the purpose of educating the public on the difference between enrolled agents and non-credentialed preparers (e.g., Annual Filing Season Program Record of Completion Holders).
 - Preparing NAEA official correspondence, testimony, and position papers by serving as tax subject matter experts.
- Provide technical and practical counsel on legislative, regulatory, and tax administration issues.
- Inform the Associate Director, Government Relations of emerging tax administration issues (e.g., IRS compliance and taxpayer service troubles, FATCA issues).
- Offer timely, meaningful input to tax-writing committees (Senate Finance Committee and House Ways & Means Committee) with respect to tax code issues (i.e., tax extenders, new repair regulations, tax reform).
- Report periodically to the NAEA Board of Directors (BOD).

- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Coordinate any budget requests for new projects with staff by December 15 to be included in the following budget cycle.
- Refer to the committee SOP for more information about the process.

2017–2018 Information Technology Committee

Scope: The Information Technology Committee acts as liaison between the membership and staff on technology applications that impact the membership. The emphasis of this committee is to provide counsel to staff on technical applications to make the members' web site experience more rewarding.

Term: The committee's charge is effective May 19, 2017 and ends when the next NAEA officers and directors are installed, in early May 2018.

MEMBERS: Jeff Gentner, EA (Chair); George Caesar, EA; Jerry Gaddis, EA; Richard Griffin; Jeanette Hall, EA; Jake Johnstun, EA; Andy Stadler, EA; David Tolleth, EA

Staff liaison: A. Cedric Calhoun, FASAE, CAE

CHARGES:

- Ongoing review of NAEA technology and recommend to staff any relevant changes that will improve the members' experience.
- Play an integral role in the review of the web site features and functionality
- Provide input to staff on website usability to increase members' use of the website.
- Provide input to staff on improving customer-facing website and improving NAEA website hits.
- Assist in the promotion of the database member profiles to enhance member marketing via the "Find a Tax Expert" feature.
- Based upon affiliate leader recommendations, work with staff to format membership reports in a manner that maximizes their usage to grow membership.
- Collaborate with any other NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Coordinate any budget requests for new projects with staff by December 15 to be included in the following budget cycle

2017-2018 MEMBERSHIP COMMITTEE

Scope: The Membership Committee is a standing committee tasked with assessing new and existing member benefits, developing and implementing strategies to increase membership and membership engagement, and to apprise prospective new members of the benefits of membership. Its work typically builds upon the work done by prior committees but may be given other specific charges by the NAEA President. Members, appointed for a one-year term, collaborate with staff to develop strategies that promote membership and increase membership retention.

Term: The Committee's charge is effective May 18, 2017 and ends when the next NAEA officers and directors are installed in early May 2018.

Members: Rich Rhodes, EA (Co-Chair); David Tolleth, EA (Co-Chair); Bernadette Antonelli, EA; Jeff Augenstein, EA; Kathy Brown, EA; George Caesar, EA; Margy Dunn, EA; Chris Hardy, EA; Patricia Kappen, EA; Laura Passe, EA; Linda Ward, EA

Staff Liaison: Katrina Holland

Charges & Responsibilities:

- Collaborate with the NAEA staff on pursuing the new EA target market. Support staff driven campaigns by providing insight that defines member value for new EAs. Provide insight for new offerings and existing offerings.
- Explore the feasibility of adding a firm membership and in conjunction an employee membership to NAEA, and what it might look like. If the membership committee recommends adding such memberships, work with the Bylaws and Governance Committees to create new language for the Bylaws and/or Policy and Procedures Manual.
- Collaborate with the NAEA staff on new member orientation process. Provide leadership and insight by leading webinars with new members and introducing them to benefits of being members of NAEA. Participate in new member welcome events.
- Collaborate with the Educating America task force to increase the number of academic associates.
- Maintain frequent contact with affiliate leadership to offer advice and counsel as they strive to increase membership recruitment and retention.
- Coordinate any budget requests for new projects with staff by December 15 to be included in the following budget cycle

2017-2018 NAEA PAC STEERING COMMITTEE

Scope: Members of the PAC Steering Committee (PAC SC) support the advocacy goal in the NAEA strategic plan by providing oversight on PAC operations and guidance on PAC decisions. The PAC SC assists the PAC Treasurer and NAEA Federal Legislative Counsel in fundraising and strategic decision-making regarding support of legislators in the tax policy arena.

Term: The committee's charge is effective May 19, 2017 and ends when the next NAEA officers and directors are installed, in early May 2018.

Members: Phyllis Jo Kubey, EA (Chair); Vicki Ferrantello, EA; Tony Frezza, EA; Rose Fulton, EA; Nancy Lyman, EA; Al Thomson, EA

Staff Liaison: Justin Edwards

Charges & Responsibilities:

- Follow all Federal Elections Commission PAC rules and regulations.
- Ensure PAC spending decisions are consistent with PAC bylaws.
- Develop a PAC fund raising goal for the PAC year April 1, 2017–March 31, 2018.
- Approve PAC spending plan and individual expenditures.
- Serve as PAC advocates and assist personally in raising contributions to the PAC. Where possible, attend affiliate and/or national events to raise contributions from NAEA members.
- Report periodically to NAEA Board of Directors.
- Refer to the Committee SOP for more information about the process.
- Promote the new Congressional Club level (\$1,000 contribution level).
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.
- Coordinate any budget requests for new projects with staff by December 15 to be included in the following budget cycle

2017-2018 NAEA PUBLIC RELATIONS COMMITTEE

Scope: The NAEA Public Relations Committee is a standing committee tasked with increasing recognition of Enrolled Agents in accordance with the strategic plan. The committee will work to expand public recognition of Enrolled Agents as America's Tax Experts and empower members to promote themselves to the public as America's Tax Experts. The committee is also responsible for the overall oversight of the NAEA media and promotional strategy. Its work typically builds upon the work done by prior committees but it may be given other specific charges by the NAEA President. Members, appointed for a one-year term, collaborate with staff and provide organizational, technical and tax advice on a variety of issues related to the NAEA mission.

Term: The Committee's charge is effective May 19, 2017 and ends when the next NAEA officers and directors are installed in May 2018.

Members: Trish Evenstad, EA (chair), Jerry Gaddis, EA (Chair), Aaron Blau, EA, Friday Burke, EA, Chris Hardy, EA, Mike Mead, EA, Stephen Mead, EA, Ricardo Rivas, EA, Rachel Simon, EA, Jennifer MacMillan, EA

Staff Liaison: John Michaels, NAEA Sr. Manager of Public Relations

Charges & Responsibilities:

- Increase public recognition of Enrolled Agents as America's Tax Experts.
- Empower members to promote themselves as America's Tax Experts
- Empower affiliates to promote themselves and their members as America's Tax Experts
- Serve as subject matter experts for NAEA media outreach
- Work with staff to develop a rolling 12-month content calendar to identify key talking points so that appropriate content can be developed and deployed in a timely manner
- Work with staff to develop a style guide to define exactly how the association, its members and our credential is to be communicated in the media
- Define Key Performance Indicators (KPI) to quantify results and report out to members, leadership and staff
- Review and update, as needed, the NAEA social media plan and code of conduct to increase NAEA's relevance on social media and create meaningful member engagement platforms

- Monitor NAEA's social media platforms (LinkedIn, Facebook, Twitter, YouTube, Forums, website, etc.) to ensure any positive feedback is promoted or shared and any negative feedback is quickly directed to the appropriate party to be addressed. Follow up with members on the NAEA groups to ensure their satisfaction with NAEA and compliance with published code of conduct.
- Collaborate with the GR Committee on the social media plan. NAEA has found the most popular and relevant social media posts include breaking IRS or legislative information that affects tax professionals. Therefore, government relations involvement is critical. Provide content for client newsletters that are published on the NAEA website for member use.
- Refer to the committee SOP for more information about the process.

2017-2018 SCHULDINER/SMOLLAN MEMORIAL FUND ADVISORY BOARD

Scope: The NAEA Schuldiner/Smollan Memorial Fund Advisory Board (SSMFAB) is charged with: (1) oversight of the Schuldiner/Smollan Leadership Academy (SSLA) primarily focused on evaluating its performance, and (2) addressing funding requests from the Schuldiner/Smollan Memorial Fund (SSMF) to support the SSLA.

Term: The SSMFAB is composed of three members who serve staggered terms of three years, coinciding with the governance year. The President will appoint (subject to NAEA Board of Directors (BOD) approval) one member each year to serve as the three-year term member on the SSMFAB. The Chair will be the member serving the third year of his/her term. If a member is unable to complete his/her term, the President (subject to BOD approval) will appoint a member for the remainder of the year (which may or may not be the remainder of the term).

Core Purpose: The Schuldiner/Smollan Leadership Academy (SSLA) was designed to provide NAEA, Affiliate, and Chapter volunteers with the necessary training to assist in their volunteer efforts at all levels.

Members: Joyce Mohr, EA, (Chair); Jerry Gaddis, EA, (1st Vice Chair); Lori Carpenter, EA, (2nd Vice Chair)

Staff Liaison: A. Cedric Calhoun, FASAE, CAE

Background: Syd Schuldiner, EA left a “building fund” bequest to NAEA of \$300,000. The estate’s legal counsel determined the funds could be used for other purposes than a brick-and-mortar building. In addition to numerous discussions by the BOD, two Schuldiner/Smollan task forces were charged to look for an appropriate use of the funds. The SSMFAB was created in August 2011 when the BOD adopted the 2011 Schuldiner/Smollan Memorial Fund Task Force Report.

Charges & Responsibilities:

- The SSMFAB is responsible for the oversight of the SSLA. Oversight will be primarily focused on developing/reviewing both qualitative and quantitative evaluative criteria for the program. This may be comprised of (but not limited to):
 - Review and approval of SSLA participant applications.
 - Review the SSLA participant evaluations.

- Measure the success of assigned affiliate projects that the participants commit to work on after the SSLA.
- Monitor the number of SSLA applicants who run for national office.
- The SSMFAB will provide input and feedback to the staff liaison as staff develops an annual operating plan for the SSLA. This will coincide with the annual NAEA budget cycle.
- Included in the SSLA annual operating plan will be a funding request (to the BOD) that will be comprised of:
 - Investment income from the SSMF
 - General operating funds from NAEA
 - Corporate or external funding
 - Funds from the corpus of the SSMF. Note that the approved formula for funding from the SSMF includes:
 - All income earned on the fund corpus be used each year for the Leadership Academy
 - Annual grants could be made from the corpus, up to the amount budgeted for the Leadership Academy by NAEA from its operating funds, but not to exceed 10% of the value of the corpus in any one budget year.
- In collaboration with the NAEA Finance Committee, review investment strategies for the corpus of the SSMF.
- Have an SSMFAB member periodically attend an SSLA session to observe the program.
- Consider strategies to replenish the SSMF to perpetuate funding for organizational growth.
- Develop strategies to heighten the profile of the SSLA and to elevate the stature of the program.
- Consider ways to foster more networking with SSLA alumni as they work on their projects (e.g., NAEA Facebook/LinkedIn newsgroups, conference calls, in person round tables at NAEA conferences/meetings).
- Make periodic reports and other recommendations to the BOD that the SSMFAB deems appropriate.

- Collaborate with the Affiliate Council on reviewing the SSLA project list. Identify projects that should be moved to the Affiliate Council control and recommend additional projects that could be added to the SSLA project list.
- Collaborate with any NAEA departments or NAEA committees as appropriate to fulfill these charges.