During the last week in June, a letter containing information regarding the license renewal process will be sent out to all CPAs with an odd numbered license. The online renewal system will be turned on July 1st at 10AM. The renewal fee remains at $100, however CPAs will be responsible for paying the portal fee that was previously paid for by the Board. A license that is not renewed by August 1st will automatically expire. Beginning August 2nd through September 1st, a license may be renewed using the online system, but the fee will increase to $200. Effective September 2nd, a license may not be renewed. Instead, CPAs must submit a paper application to reinstate their license.

CPAs due to renew their license this year should confirm they obtained the necessary CPE hours. These hours must have been completed from January 1, 2013 through December 31, 2014. During the online renewal process, CPAs will be required to affirm they fulfilled the CPE requirements by December 31, 2014. CPAs found to have falsely asserted they completed the hours will be subject to disciplinary action.

CPAs who changed their mailing or email address following the 2013 renewal process must submit an address change form located on www.cpa.ky.gov as soon as possible. Each year during the renewal process, a number of emails and letters are returned due to the failure of CPAs to update this information.

### BOARD MEMBERS

In August of 2014 Lori Warden, CPA and Dr. Margaret Combs, CPA were appointed to the Board by Governor Beshear. Their terms will expire as of June 30, 2018. Ms. Warden is the manager of Rudler, PSC in Ft. Wright. Dr. Combs is the chair of the Accounting Department at the University of the Cumberlands.

The remaining Board members are Kevin Doyle, CPA, Joe Hancock, CPA, Jamie Laws, CPA, Phil Layne, CPA, and Toni Carver-Smith, the non-CPA member. Mr. Doyle is the CFO of Congelton-Hacker Construction Company in Lexington. Mr. Hancock is the President of Riney Hancock CPAs PSC in Owensboro. Ms. Laws is a partner at Louis T Roth & Co. in Louisville. Mr. Layne is the managing partner at Kelley Galloway Smith Goolsby, PSC in Ashland. Ms. Carver-Smith is the associate director of Mission Effectiveness and Administration with the Presbyterian Church USA in Louisville.

Ms. Carver-Smith serves as the president of the Board, and Kevin Doyle as the Secretary/Treasurer.

### BOARD MEETING DATES FOR 2015

The Board meets at its office in Louisville located at 332 W Broadway, Suite 310. The following meeting dates remain for 2015: May 28, July 16, August 27, September 17, October 23, November 19 and December 17. Please keep in mind meetings may be canceled or rescheduled.
CONTINUING PROFESSIONAL EDUCATION

The amount of continuing professional education (CPE) a CPA must complete depends on whether or not he or she is employed in public accounting, industry, education or government and on the number of hours worked over the two calendar years that immediately proceed the year in which a license must be renewed (known as “the reporting period”). If you work 3,000 hours or more in a public accounting position over the reporting period you must complete 80 hours of CPE. All others must complete 60 hours. Included within the required hours are two hours in ethics related courses.

The Board does not pre-approve any CPE courses, so CPAs should be certain every course complies with the following requirements:

1. It is professionally enhancing to the licensee as a CPA;
2. It is a minimum of 50 minutes in length;
3. There is a prepared course syllabus; and
4. Upon completion of the course, the CPA receives a course completion document that verifies he or she completed the course and includes the name of the course and the sponsor, the date the course was taken, and the number of hours awarded. This document must be maintained by the CPA in the event they are selected for an audit.

When deciding if a CPE course is professionally enhancing to you as a CPA, please review the subject matter area for the course. If the subject matter is listed as Accounting, Auditing, Tax, Ethics or Finance, it is almost certain any of those courses will satisfy the professionally enhancing requirement. The Board has specifically rejected the subject matter area of Personal Development. Please contact the Board staff if you need additional guidance.

A CPE audit is conducted every year and consists of a computer program selecting 25% of those CPAs who renewed their license. Because of the high percentage rate, a CPA may be selected for a number of years. If chosen, the CPA is notified in writing by the Board and will have two weeks to submit the proper documentation. Failure to respond to the request or produce the proper documents will subject the CPA to discipline.

This year, the Board in cooperation with the National Association of State Boards of Accountancy (NASBA), is offering an online CPE tracking system. Participation in the program is voluntary and free. For additional information, please go to the following website: http://nasba.org/cpeaudit/ky/.

CPAs who are considering retirement may request a waiver from completing CPE. However, if the waiver is granted, the CPA is prohibited from performing any type of accounting services including the preparation of income tax returns. To apply for a retirement waiver, a CPA must submit a form that is available online at the Board website: www.cpa.ky.gov. The form must be filed with the Board before a CPA renews his or her license online.
### 2014 CPA EXAM STATISTICS

#### January - February Testing Window

387 candidates sat for 471 sections of the exam. 85 were first time candidates. 52 candidates passed their last sections of the exam and are now eligible to apply for licensure once they satisfy the experience requirement.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sat</th>
<th>Passed</th>
<th>Pass Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>157</td>
<td>80</td>
<td>51%</td>
</tr>
<tr>
<td>REG</td>
<td>124</td>
<td>53</td>
<td>43%</td>
</tr>
<tr>
<td>FAR</td>
<td>103</td>
<td>39</td>
<td>38%</td>
</tr>
<tr>
<td>BEC</td>
<td>87</td>
<td>48</td>
<td>55%</td>
</tr>
</tbody>
</table>

#### April - May Testing Window

370 candidates sat for 455 sections of the exam. 84 were first time candidates. 41 candidates passed their last sections of the exam and are now eligible to apply for licensure once they satisfy the experience requirement.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sat</th>
<th>Passed</th>
<th>Pass Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>118</td>
<td>56</td>
<td>47%</td>
</tr>
<tr>
<td>REG</td>
<td>122</td>
<td>52</td>
<td>43%</td>
</tr>
<tr>
<td>FAR</td>
<td>114</td>
<td>47</td>
<td>41%</td>
</tr>
<tr>
<td>BEC</td>
<td>101</td>
<td>59</td>
<td>58%</td>
</tr>
</tbody>
</table>

#### July - August Testing Window

457 candidates sat for 622 sections of the exam. 126 were first time candidates. 74 candidates passed their last sections of the exam and are now eligible to apply for licensure once they satisfy the experience requirement.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sat</th>
<th>Passed</th>
<th>Pass Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>174</td>
<td>91</td>
<td>52%</td>
</tr>
<tr>
<td>REG</td>
<td>155</td>
<td>88</td>
<td>57%</td>
</tr>
<tr>
<td>FAR</td>
<td>158</td>
<td>78</td>
<td>49%</td>
</tr>
<tr>
<td>BEC</td>
<td>135</td>
<td>81</td>
<td>60%</td>
</tr>
</tbody>
</table>

#### October - November Testing Window

428 candidates sat for 565 sections of the exam. 74 were first time candidates. 57 candidates passed their last sections of the exam and are now eligible to apply for licensure once they satisfy the experience requirement.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sat</th>
<th>Passed</th>
<th>Pass Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>146</td>
<td>50</td>
<td>34%</td>
</tr>
<tr>
<td>REG</td>
<td>119</td>
<td>65</td>
<td>55%</td>
</tr>
<tr>
<td>FAR</td>
<td>144</td>
<td>57</td>
<td>40%</td>
</tr>
<tr>
<td>BEC</td>
<td>156</td>
<td>66</td>
<td>42%</td>
</tr>
</tbody>
</table>

### 2015 CPA EXAM STATISTICS

#### January - February Testing Window

414 candidates sat for 526 sections of the exam. 105 were first time candidates. 54 candidates passed their last sections of the exam and are now eligible to apply for licensure once they satisfy the experience requirement.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sat</th>
<th>Passed</th>
<th>Pass Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>165</td>
<td>86</td>
<td>52%</td>
</tr>
<tr>
<td>REG</td>
<td>161</td>
<td>86</td>
<td>53%</td>
</tr>
<tr>
<td>FAR</td>
<td>144</td>
<td>57</td>
<td>40%</td>
</tr>
<tr>
<td>BEC</td>
<td>109</td>
<td>50</td>
<td>46%</td>
</tr>
</tbody>
</table>
2013 CPE AUDIT VIOLATIONS

The following cases against the individuals listed were opened based upon CPE Audits conducted in 2013 and 2014. The cases were resolved as a result of an agreement reached between the CPA and the Board. Typically, such cases required payment of a fine and double the number of hours the CPA was unable to provide documentation of having completed, or the license was voluntarily surrendered as if revoked. In some cases, the CPAs may have completed the hourly requirements but failed to respond to repeated requests to provide the documentation and were subsequently fined.

2013-018 John J. Avent  
2013-019 Brian E. Bischof*  
2013-020 Derrick Bennett  
2013-021 Jeffrie L. Erb  
2013-022 Jeri L. Isbell  
2013-023 John H. Cole  
2013-024 Mary Lynn Morgan  
2013-025 Donna N. Pence  
2013-026 Craig H. Rothwell  
2013-028 Jonathan P. Westerman*  
2013-029 Deborah Lynn Durst  
2013-030 Donna Strode Penn  
2013-031 Rachel S. Ran  
2013-032 Fred D. Rankin  
2013-033 Patrick Thomas Schmidt  
2013-034 Scott E. Shanks  
2013-036 John R. Clements*  
2013-037 Shelly Elrod

2013-038 Andrew W. Green  
2013-039 Michael J. Griffith*  
2013-040 Dawn M. Hayes  
2013-041 Billie W. Wade  
2013-042 Christopher S. Whitlow  
2013-043 Crystal Womack-Berger  
2013-044 Bobby Bell  
2013-045 J. Scott Brian

*Indicates a voluntary surrender of license with terms for reinstatement of license

2014 CPE AUDIT VIOLATIONS

2014-030 Karen B. Gomes  
2014-032 Donna L. Brockman  
2014-033 Michael R. Brooks  
2014-036 Maurice L. Dix  
2014-038 Andrea L. Farris  
2014-039 Paul Douglas Goforth  
2014-040 Michele Renee Haman  
2014-041 Troy D. Hanke  
2014-042 Bradley T. Hendren  
2014-043 Eric C. Hicks  
2014-045 Russell A. Hoppe  
2014-046 Anne E. Hyde  
2014-047 Greg Jones*  
2014-049 Martha Kerbaugh King  
2014-051 Nataraj V. Kote  
2014-052 Karen K. Moore  
2014-053 Paul J. Moretti*  
2014-055 Gregory K. Murphy

2014-056 William R. Niehaus  
2014-058 Jessica L. Patterson  
2014-059 Shannon M. Puglisi  
2014-060 Jeffrey T. Reibel  
2014-061 James R. Reynolds  
2014-062 Ernest P. Sharp  
2014-064 Leo T. Whitt  
2014-066 Sharon K. Tolopka  
2014-074 Kathleen G. Spears

FAILURE TO RENEW A FIRM LICENSE

The following firms licenses were not renewed prior to their expiration date in 2014 and the firm continued to operate. All of the firms were required to pay a $500 fine and immediately renew the firm license.

2014-014 Terry Reed CPAs PLLC  
2014-015 James W Reynolds, CPA, PLLC  
2014-017 Mitchell D. Kissick, CPA  
2014-018 S Kelly Moore, CPA  
2014-019 Danny L. Parker, CPA PSC
DISCIPLINARY ACTIONS

2011-030 Jeffrey Cogswell - The Respondent was requested to provide copies of the following documents: a report from an outside party that was to have performed a pre-issuance review of all of the firm’s auditing and accounting engagements, the peer review acceptance letter from the KY Society of CPAs, and a letter from the Society confirming that the firm’s most recent peer review was complete. The Respondent failed to reply to this letter and to return phone messages left by an employee of the Board. As a result, the Board authorized the issuance of a formal Complaint and Notice of Hearing against the Respondent. Following the issuance of the Complaint and Notice of Hearing, documents from the Respondent were received in the Board office. The documents included letters from the following: the Respondent’s pre-issuance reviewer to the Peer Review Committee, the Respondent to the Peer Review Committee and the Respondent to the Board. As a result of the poor quality of the audit work cited by the pre-issuance reviewer the Respondent indicated in his letters to the Board and the Peer Review Committee that he would cease performing audits upon completion of the audits currently under contract for the year ending December 31, 2010. On February 2, 2012, the parties entered into an Agreed Order to resolve these issues. According to the terms of the Order, the Respondent would complete the audit reports for the year ending December 31, 2010 which were then to be reviewed and approved by a third party. In addition the Respondent was to send a copy of every letter and report that he received from the third party reviewer and the KY Society of CPAs to the Board no later than 10 days following receipt of that material. Copies of these documents were never received. Thereafter, an employee of the Board attempted to contact the Respondent regarding his status in the peer review program. He never responded to any of those requests. Subsequently, it was discovered that the Respondent was no longer enrolled in the Peer Review program.

Remedy: Respondent was prohibited from performing any attest services in the future, and ordered to pay a $1000 fine for having violated the initial Agreed Order and having to proceed again to a hearing, and pay a $2500 fine for failing to have enrolled in a peer review program.

2013-014 Paul A. Sievertson, III - While attempting to renew his license in 2013, the Respondent indicated he had been convicted of a felony or misdemeanor since his last renewal. As a result of that answer, the Respondent was required to submit copies of various court documents regarding his indictment for two counts of committing Assault in the 2nd Degree (a class C felony) and to pleading guilty to one count of a reduced charge of Fourth Degree Assault (a Class A misdemeanor).

Remedy: The Board and the Respondent entered into an Agreed Order whereby his license was not renewed but was eligible for renewal in the future if he complied with the terms in the Order which included entering into a substance abuse monitoring agreement. If following the passage of six months from the date of entry of the Monitoring Agreement, the Respondent successfully completed all of the terms of the Agreement, he could request to have his license considered for renewal. If he complied with the terms, the license may be renewed, but also be subject to additional terms and conditions, including probation and the continuation of a Monitoring Agreement. Failure to comply with the Order or the Monitoring Agreement would immediately result in the extension of the six month waiting period for an additional six months and continuing thereafter until he complied with all of the terms and conditions of the Monitoring Agreement and in the Order.

2013-015 Thomas G. Smith - On his sole proprietor firm license application for 2012, the Respondent indicated that he was practicing public accounting, and that the firm was not performing audits, reviews, or compilations. Nevertheless, the Respondent issued a compilation report as of June 30, 2013. The Respondent was not enrolled in a peer review program while preparing the report as required by law and the report was not prepared in accordance with generally accepted accounting standards, as required by 201 KAR 1:300 Section 5.

Remedy: Respondent’s individual and firm licenses are permanently revoked and he shall never seek to reinstate the licenses. The revocation of the licenses means the Respondent is prohibited from performing any attest services which includes audits, reviews and all compilations (including the preparation of financial statements) for all current or future clients; and he is prohibited from holding himself out in any manner that he is a certified public accountant, public accountant, “CPA” to current and former clients, the general public, the IRS, and the KY Department of Revenue.
DISCIPLINARY ACTIONS (Continued)

2014-008 Debra L. Stearman, CPA - The Board received a complaint from a former client of the Respondent in which it was alleged that she had prepared the client’s 2008 and 2009 income tax returns, but failed to prepare KY tangible property tax returns for the client. The failure to prepare the 2009 tangible tax return resulted in the assessment of a penalty and interest against the client by the KY Department of Revenue of over $1,600.

Remedy: $500 fine.

2014-013 James D. Spurlock, CPA - During their January 2015 meeting, the members of the Board were informed that on December 11, 2014 a Recommended Order of Default Judgment had been entered by the hearing officer assigned to this case. No response was received from Mr. Spurlock to that Order of Default. The members were also presented with copies of an Agreed Order previously sent to Mr. Spurlock in an attempt to resolve this matter and the formal Complaint that was filed against him.

Remedy: The Respondent’s licenses were suspended until such time that he pays a $500 fine and completes the license reinstatement process in effect at that time. If Mr. Spurlock’s licenses are reinstated, he will be prohibited from ever again preparing or issuing an audit, review or compilation report. So long as the suspension of the individual and firm licenses are in effect, he is prohibited from using the title CPA or Certified Public Accountant, and practicing public accounting in any way, including the preparation of tax returns. A copy of the Order will be sent to the IRS Office of Professional Responsibility to advise them that Mr. Spurlock is no longer entitled to register as a CPA with the IRS until his licenses are reinstated.

2014-021. Steven Plaut - On May 22, 2012 the Respondent agreed to take remedial action recommended by a Peer Review Acceptance Body as a result of a peer review report that was categorized as pass with deficiencies. On May 7, 2013, additional remedial actions were suggested to and accepted by the Respondent. In a letter from the AICPA to the Respondent dated September 5, 2014, he was notified that a hearing was going to be conducted to determine whether to terminate the firm from the peer review program due to noncompliance with the previously agreed to remedial actions. As a result of receiving the hearing notice, the Respondent contacted the Board staff regarding a proposal to forego providing any future attest services and restrict his practice to providing tax services.

Remedy: Respondent was fined $1,000 and is prohibited from ever again performing or issuing any audit, review or compilation reports.

2014 Top Ten Kentucky School Rankings

The following statistics demonstrate First-Time sections ranked by pass rate for schools that had at least 5 students sit for an examination section in 2014.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Kentucky Schools</th>
<th>Candidates Total</th>
<th>Sections Total</th>
<th>Percent Pass</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Campbellsville University</td>
<td>7</td>
<td>12</td>
<td>91.70%</td>
<td>81.8</td>
</tr>
<tr>
<td>2</td>
<td>Asbury University</td>
<td>5</td>
<td>6</td>
<td>83.30%</td>
<td>72.8</td>
</tr>
<tr>
<td>3</td>
<td>Kentucky Wesleyan College</td>
<td>8</td>
<td>17</td>
<td>76.50%</td>
<td>84</td>
</tr>
<tr>
<td>4</td>
<td>University of Kentucky</td>
<td>166</td>
<td>357</td>
<td>60.20%</td>
<td>74.6</td>
</tr>
<tr>
<td>5</td>
<td>Western Kentucky University</td>
<td>47</td>
<td>100</td>
<td>56.00%</td>
<td>75.1</td>
</tr>
<tr>
<td>6</td>
<td>Bellarmine University</td>
<td>38</td>
<td>81</td>
<td>53.10%</td>
<td>72.4</td>
</tr>
<tr>
<td>7</td>
<td>Northern Kentucky University</td>
<td>57</td>
<td>112</td>
<td>51.80%</td>
<td>70.8</td>
</tr>
<tr>
<td>8</td>
<td>University of Louisville</td>
<td>97</td>
<td>178</td>
<td>50.60%</td>
<td>70.8</td>
</tr>
<tr>
<td>9</td>
<td>Eastern Kentucky University</td>
<td>28</td>
<td>55</td>
<td>49.10%</td>
<td>69.1</td>
</tr>
<tr>
<td>10</td>
<td>Murray State University</td>
<td>38</td>
<td>60</td>
<td>48.30%</td>
<td>71.6</td>
</tr>
</tbody>
</table>

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