



State of the Profession

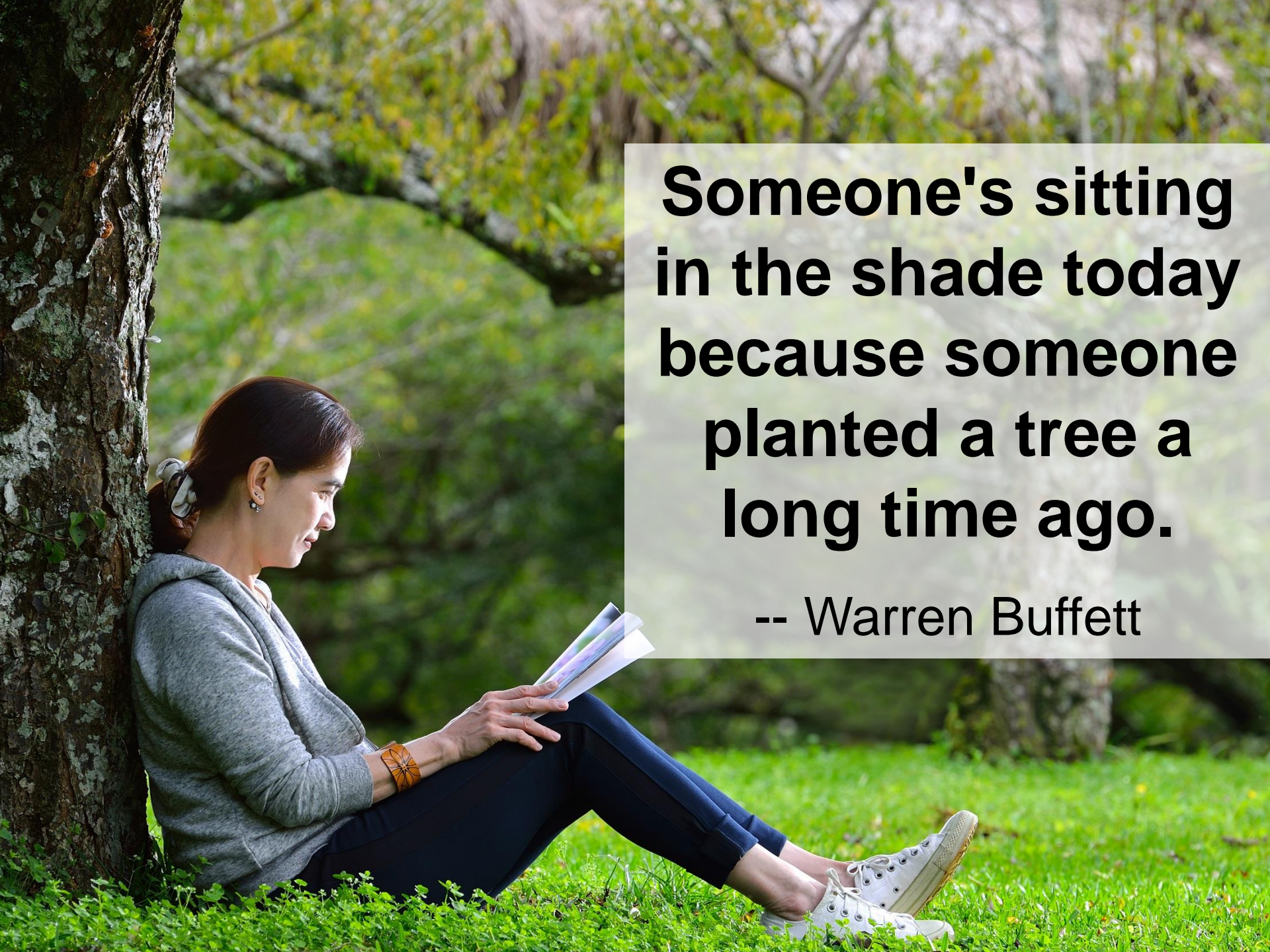
Rhode Island Society of CPAs

January 21, 2016

Tim Christen, CPA, CGMA

AICPA Chairman of the Board of Directors





**Someone's sitting
in the shade today
because someone
planted a tree a
long time ago.**

-- Warren Buffett

Perspectives on change



Source: Accounting Today: Changes Coming Fast; Top 100 Most Influential



Trends affecting the profession



INTERNATIONAL SHIFTS



TECHNOLOGY



ECONOMICS



TALENT



SPECIALIZATION



REGULATIONS



LEARNING



COMPETITION



Profession is strong

73%

**Of investors
express
confidence in
U.S. capital
markets**

87%

**Of key
decision
makers say
CPAs are
valuable to
their orgs**

91%

**Of firms expect
to continue
record hiring
levels**



Core values stand test of time

Integrity

Competence

Lifelong learning

Objectivity

Commitment to excellence

The logo for CPA HORIZONS 2025, featuring the letters 'CPA' in blue, 'HORIZONS' in orange, and '2025' in blue, all in a bold, sans-serif font.



Legislation, Regulation & Standards



Tax issues

Due dates


Tax extenders

Tax return preparer regulation

ID theft

IRS service

Disaster relief



Bipartisan Budget Act

Mobile workforce

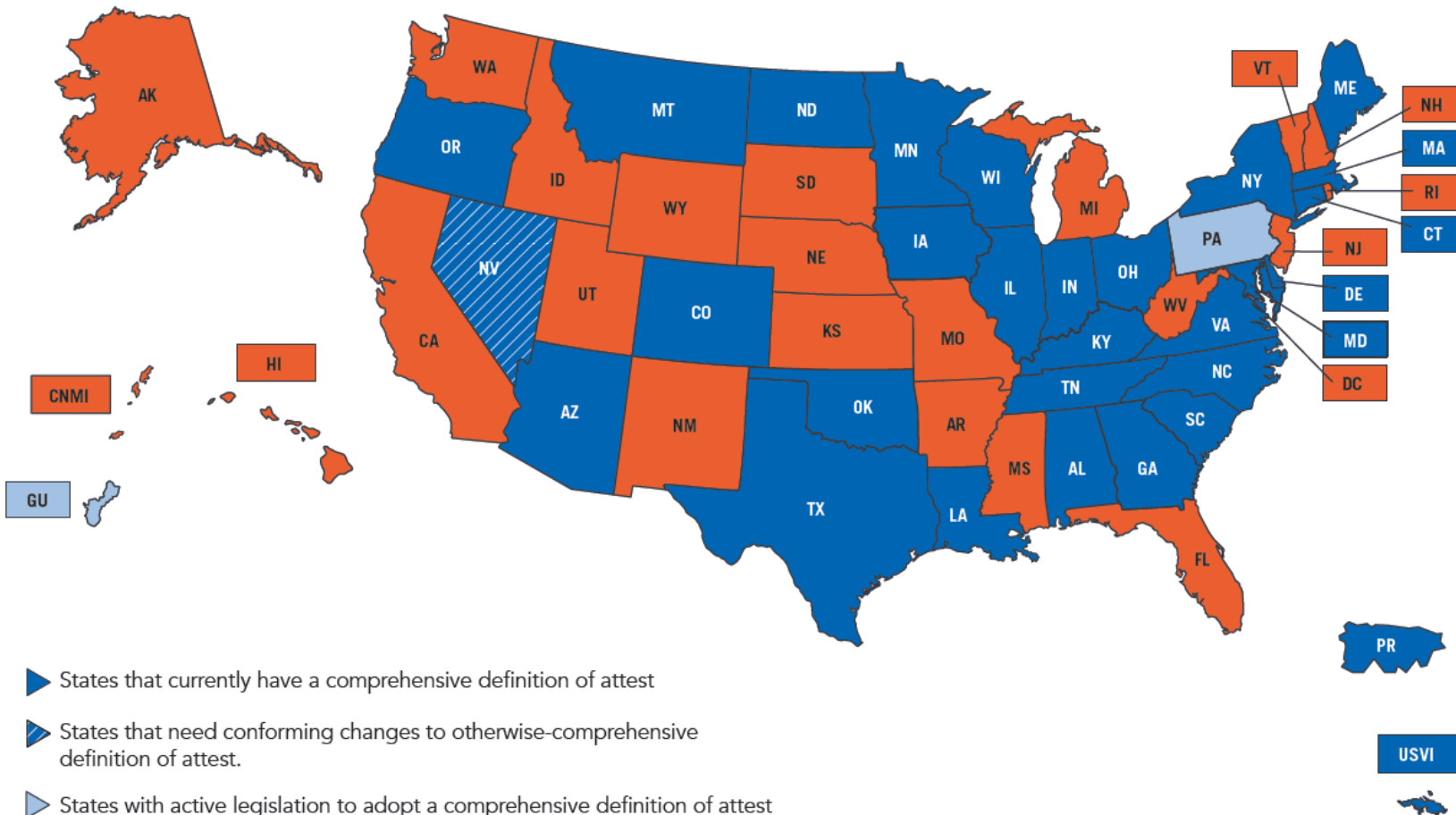
Patent holding companies

DOL overtime

Cash basis



Comprehensive Definition of Attest



Updated 11.06.2015

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A&A in flux

Standards

- Revenue recognition
- Financial instruments
- Leases

Private Company Council

- New roles/new chair
- Elimination of effective dates

PCAOB

- Engagement partner naming

New ASB standard on auditor reporting



Quality



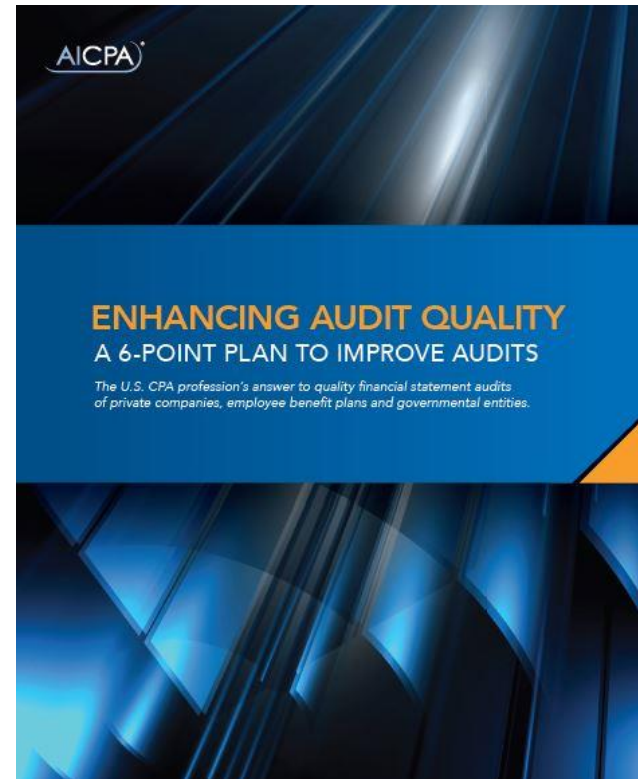
EAQ initiative update

EAQ progress

6-Point Plan - roadmap

Resources, tools for firms

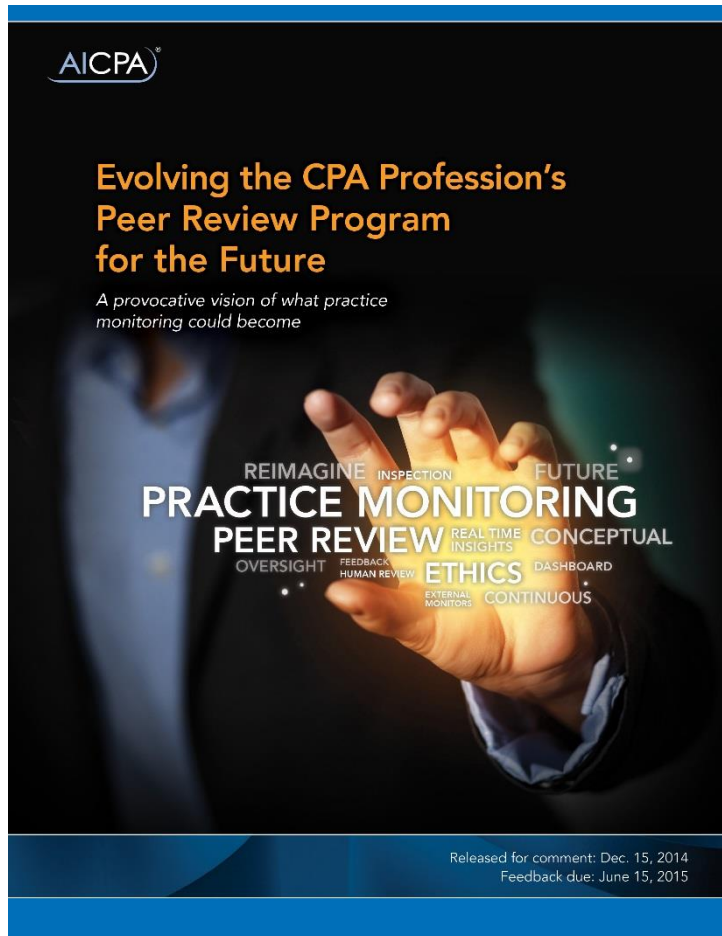
More focus on gov't/single audit area



aicpa.org/auditquality



Future of practice monitoring



Purposely provocative

Feedback being analyzed

Concept evolves based on input

Pilot program in 2017



Fair value

Quality and consistency

Standards, performance requirements

Marketplace looking to AICPA for solutions

Two new credentials – available in 2016

- Business and intangibles

- Financial instruments



Not-for-profit support

Section membership

Tools, information and resources to facilitate compliance with standards and regulations

Certificates

Tax compliance
Financial Reporting
Governance and Assurance

AICPA Not-for-Profit Section

**BEHIND THEIR GOOD WORK
IS A SMART BUSINESS**

INTRODUCING THE NOT-FOR-PROFIT SECTION
Your not-for-profit clients or organizations depend on your financial expertise to help them run efficiently and fulfill their mission. Guidance on governance, compliance and financial reporting are essential effort. That's why the AICPA has created a Not-for-Profit Section — so you now have a trusted resource with valuable tools and timely news and information. Because the more you can help them, the more good they can do.

**JOIN THE NEW NFP SECTION
TODAY AT AICPA.ORG/NFPSECTION**



Building competencies

Education evolving

More coming 2016

competency.aicpa.org

AICPA | CIMA

COMPETENCY AND LEARNING LEARN ▾ ASSESS ▾

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LEARNING NEVER STOPS

Find the tools you need to succeed. Select a topic below.

Management accounting > Assurance > Employee benefit plan auditing >

Financial accounting & reporting > Governmental auditing >

AICPA



Firm Issues



What keeps firms up at night?

Achieving steady growth

Highly successful partners;
complacency can lead to irrelevancy

Adapting to technologies

Disruptions to way of practice

Changing business model

Growth in advisory exceeds tax and
audit; talent expectations

Developing and maintaining a new workforce

A group of four business professionals (three men and one woman) are seated around a dark conference table in a meeting room. They are engaged in a discussion. The man on the left is gesturing with his hands. The woman next to him is looking towards him. The man across from her is looking towards the woman. The woman on the far right is looking towards the man across from her. There are white coffee cups and papers on the table. The room has a green chalkboard in the background.

Flexibility

Technology

Transparency

Community

Diversity



Diversity and inclusion

Drive awareness

Emphasize inclusion

“Present *And* Accounted For”

Maturity model

Recruitment & retention toolkit

ARE YOU PRESENT *and* ACCOUNTED FOR?

You are the future of the accounting profession — the best and the brightest. That's why we've partnered with NABA to help you:

- Succeed in a career that is in high demand
- Join a highly respected profession
- Define your career and show you its limitless opportunities

Become a CPA and shape the future of the profession. Dynamic accounting career areas include:

- Forensics
- Business and management consulting
- Information management and technology assurance

Let's get to work.
Visit aicpa.org/diversity

AICPA®



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Evolving your business

Culture

Talent

Clients





CGMA



CGMA: Powered by AICPA and CIMA

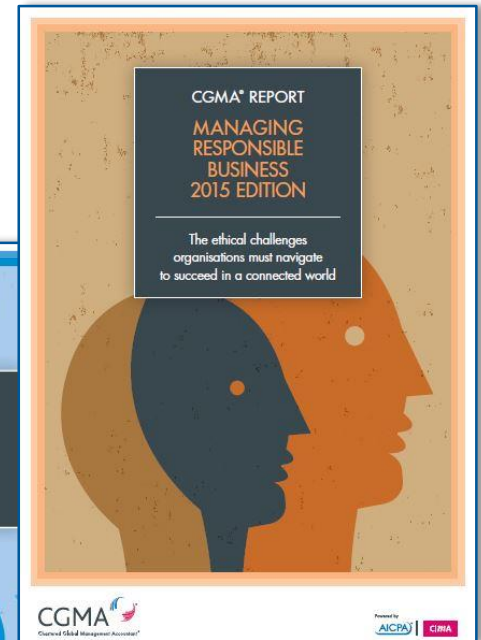
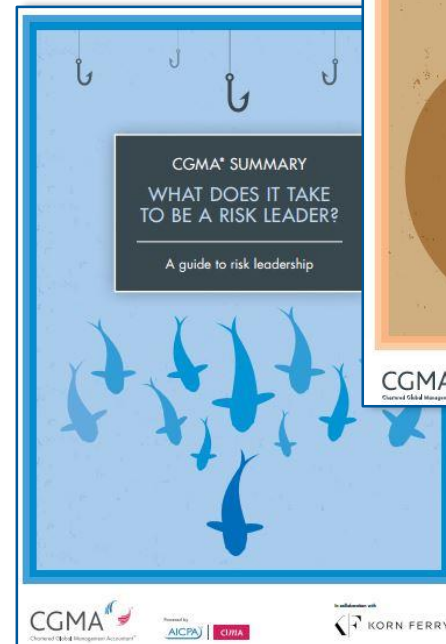
Designation focused on management accounting

Launched January 2012

150,000+ CGMAs worldwide

Nearly 120 reports, tools, resources

Recognition continues growing





Professionalizing management accounting

Competency framework, professional development

Global Management Accounting Principles

Exam

Code of Ethics

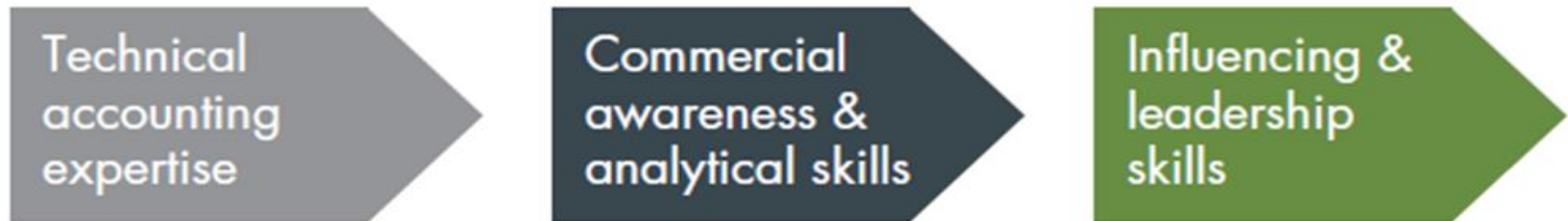




Powering Finance Transformation

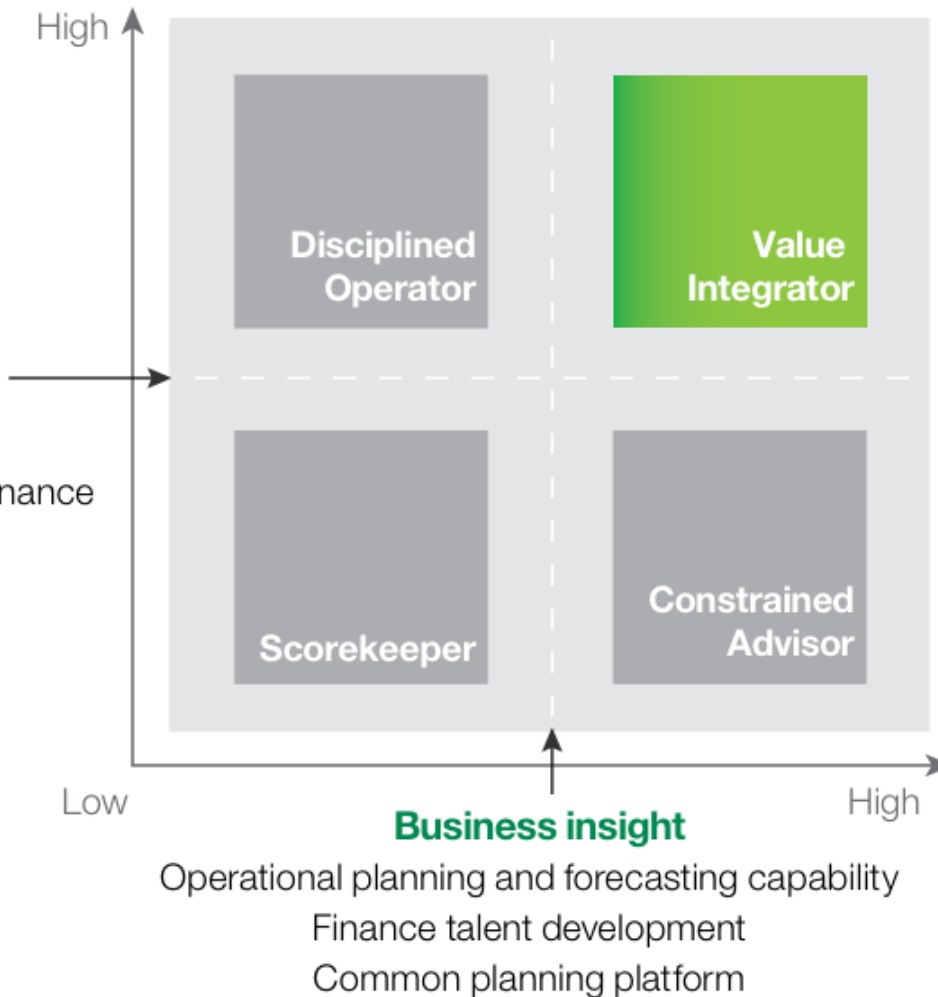


The transformation journey





Transformed finance



Value Integrator

- Performance optimization
- Predictive insights
- Enterprise risk management
- Business decision making

Disciplined Operator

- Finance operations focused
- Information provision
- Performance interpretation

Constrained Advisor

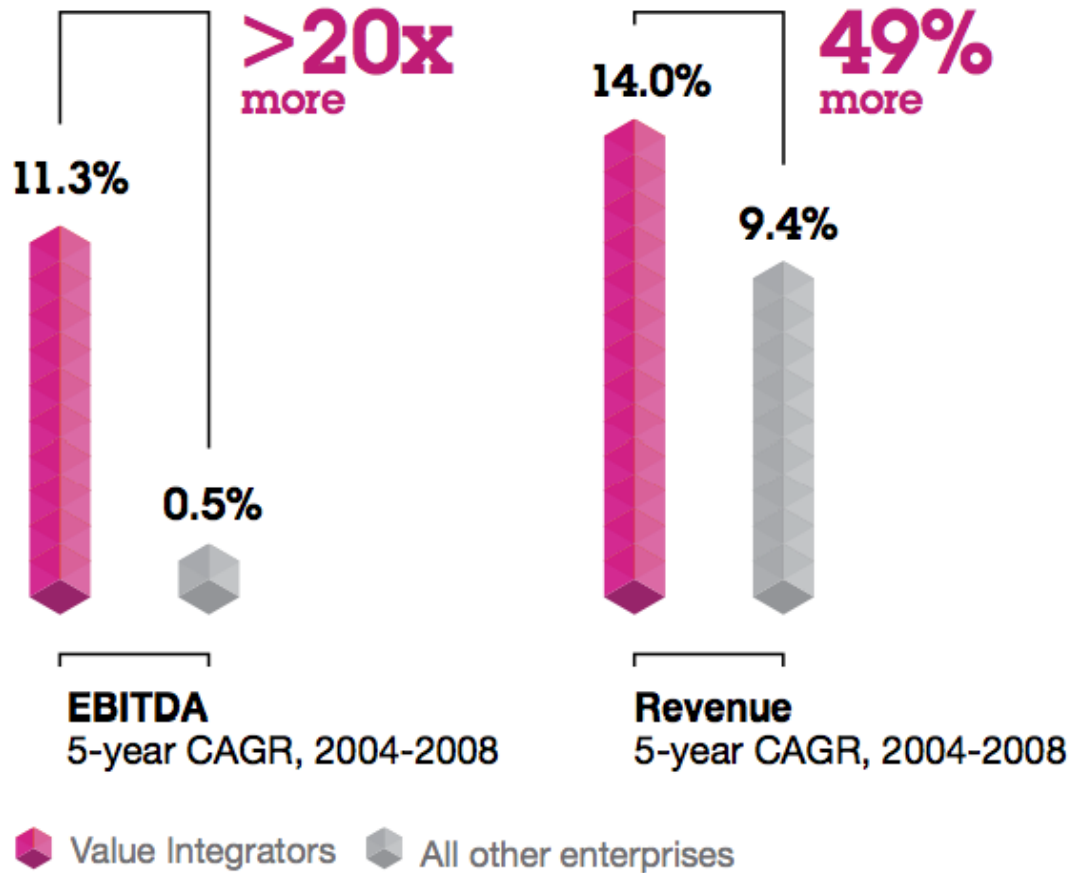
- Analytics focused
- Sub-optimal execution
- Fragmented data

Scorekeeper

- Data recording
- Controllanship
- Multiple versions of the “truth”

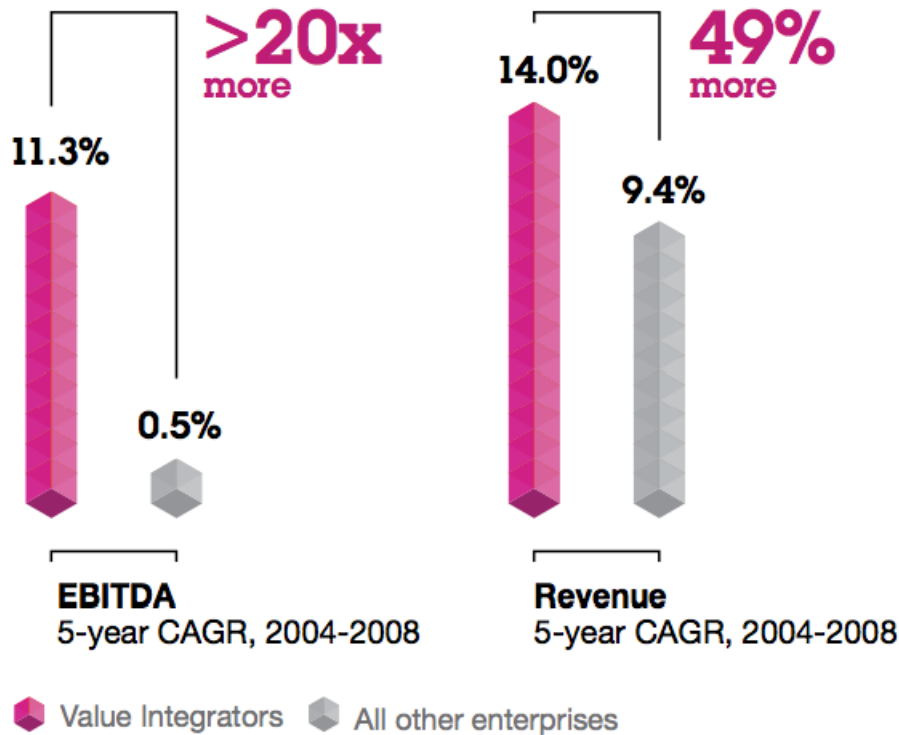


Transformed finance functions add significantly more value

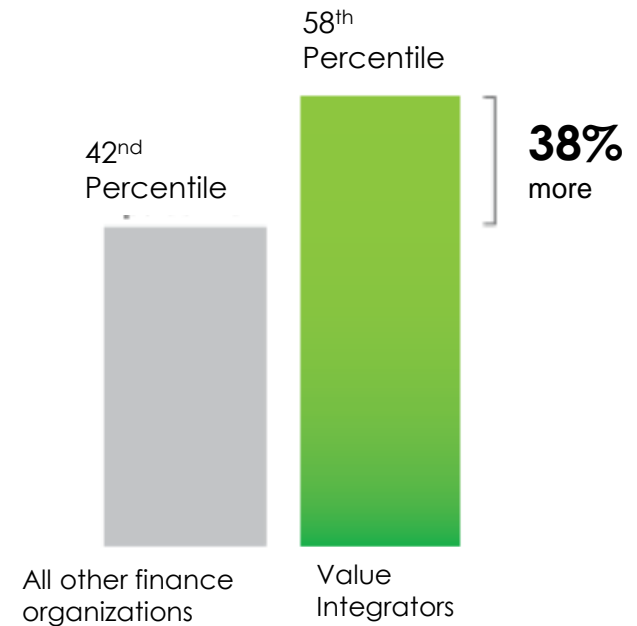




Transformed finance functions add significantly more value



Average ranking on measures of profit and revenue 2014





Joint Venture Evolution



CIMA is the right partner



CIMA

Chartered Institute of
Management Accountants

World's largest and leading professional body solely focused on management accounting

Founded in 1919

227,000 members and students in 179 countries

Strong relationships with employers (Shell, Unilever, BP)

4-year history of joint venture success



What we're proposing

We will join forces to create a new accounting association while continuing to operate the membership bodies our communities have trusted for more than a century. Together we will significantly enhance our advocacy, member employability and our abilities to advance the accounting profession around the world.



What deeper relationship offers

Integrating the two organizations would:

Create **world's leading** professional accounting association

Retain members' membership in their **respective organizations plus Association** – membership bodies do not merge

Continue to have **each organization's Council** as governing body

Membership vote from both AICPA and CIMA required



What remains the same

AICPA member affiliation

AICPA governing Council

Commitment to:

- CPA reputation, public practice issues and related specialty credentials
- Support of profession's core services (A&A, tax), including ethics and quality efforts
- Protecting the public interest
- CGMA and service to business & industry
- Advocating for profession and business community
- Partnering with state societies on behalf of profession



Learn more and provide feedback

The screenshot shows the AICPA website with a dark blue header containing the logo and navigation links: Home, Highlights, Why now?, What does it mean to me?, and Frequently Asked Questions. The main content area features a large article titled "Next Step in AICPA-CIMA Joint Venture" with two paragraphs of text. Below the text is a video player showing a man speaking, with a title "Tim Christen - 'Embracing Change'". To the right of the article is a sidebar with a "We value your feedback" section containing a "Share Your Feedback" button, and a "Quick Poll" section with the question "Which do you see as biggest benefit of".

Next Step in AICPA-CIMA Joint Venture

The American Institute of CPAs has a 128-year history of evolving to meet the profession's needs and the Board of Directors believes the time is right for the next evolution. The board would like your feedback on a proposal with the Chartered Institute of Management Accountants (CIMA), our joint venture partner since 2011.

The American Institute of CPAs is proposing to join forces with CIMA to create a new accounting association while continuing to operate the membership bodies our communities have long trusted. Together we would significantly enhance advocacy, member employability and our abilities to advance the accounting profession around the world. Moving forward with this proposal requires a member ballot with approval from two-thirds of those voting.

Tim Christen - "Embracing Change"

We value your feedback

Please take a quick survey or provide your comments using the share your feedback form below.

Share Your Feedback

American Institute of CPAs Remains Committed to Protecting, Promoting and Growing the CPA

The CPA is widely respected for quality, competency and integrity, core values that are critical in today's complex and rapidly changing business environment. This proposal would keep these values at the hub of the U.S. accounting profession and extend them throughout the financial system. It fits into a larger portfolio of initiatives by the American Institute of CPAs to protect the CPA and what it stands for. Learn more about CPA core initiatives and AICPA efforts to build the pipeline.

Quick Poll:

Which do you see as biggest benefit of

aicpa.org/horizons



Emerging Services



Electronic information

Know how to use the data

Facilitate analysis, decision making

Identify trends and risks

Leverage for Integrated Reporting

Seek assurance opportunities

Innovate financial statement audit

Data collection is ubiquitous and easy. Value is in what to do with data and services to provide clients.



Cybersecurity

Developing guidance

Assurance services

Legislation



Audit of the future

Data standardization

Automation and analytics

Continuous monitoring





Developing and Promoting CPAs



Embracing succession

Millennials: 75% of workforce by 2025

Many firms already 50%+ Millennial workforce

Succession affects all levels/functional areas

PCPS succession toolkit





Prepare for Generation Z

Conscientious,
hard-working,
anxious, mindful of
the future

First generation of
digital natives -
can't remember a
time before social
media

Optimism replaced
by pragmatism



Take in information
instantaneously

Lose interest quickly

Value privacy and
aware of their
personal brand

Entrepreneurial

Witnesses to
exponential
multicultural diversity



New hiring and enrollment records

7%

Increase in hiring at public accounting firms (new record level for hiring)

253,000

Students enrolled in accounting at all levels

31%

Increase in Master's degrees awarded

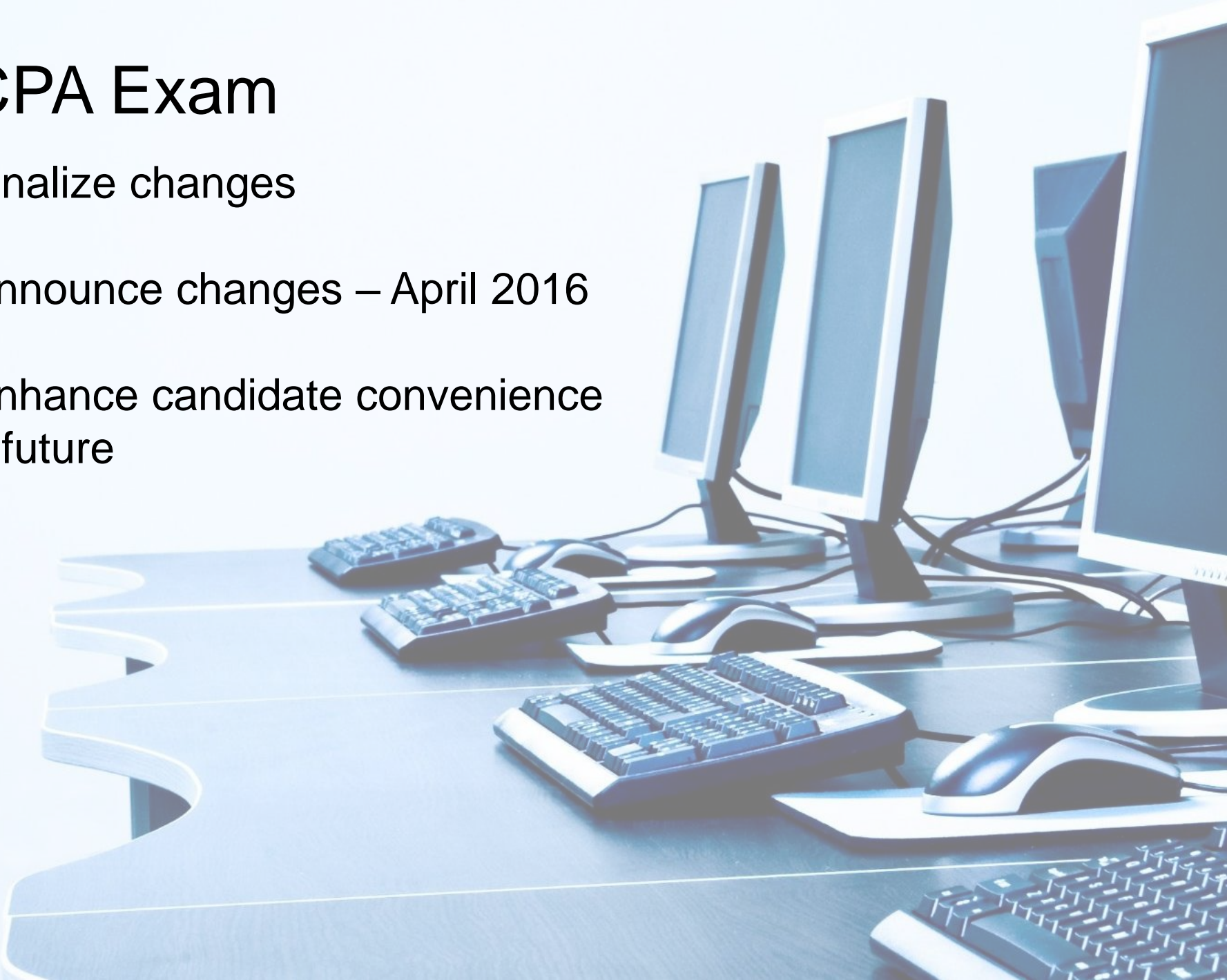
Source: 2015 AICPA report - *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*

CPA Exam

Finalize changes

Announce changes – April 2016

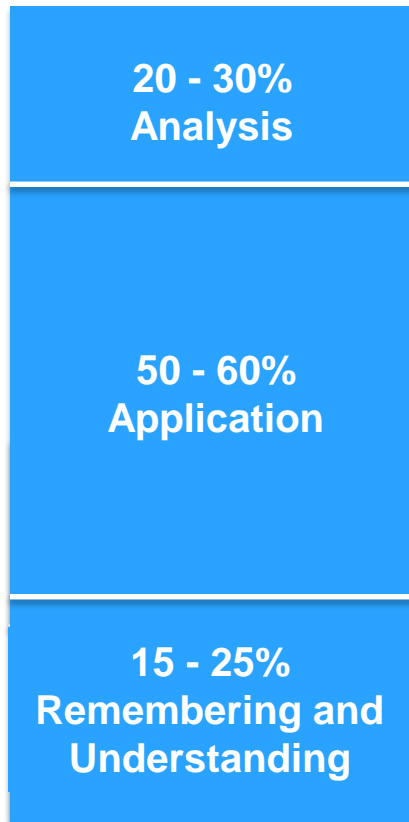
Enhance candidate convenience
– future





Skill allocation – Today

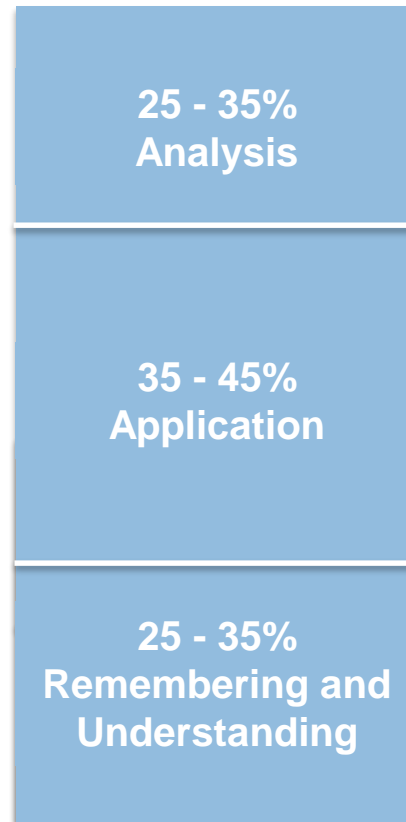
Increased assessment of **higher order** skills



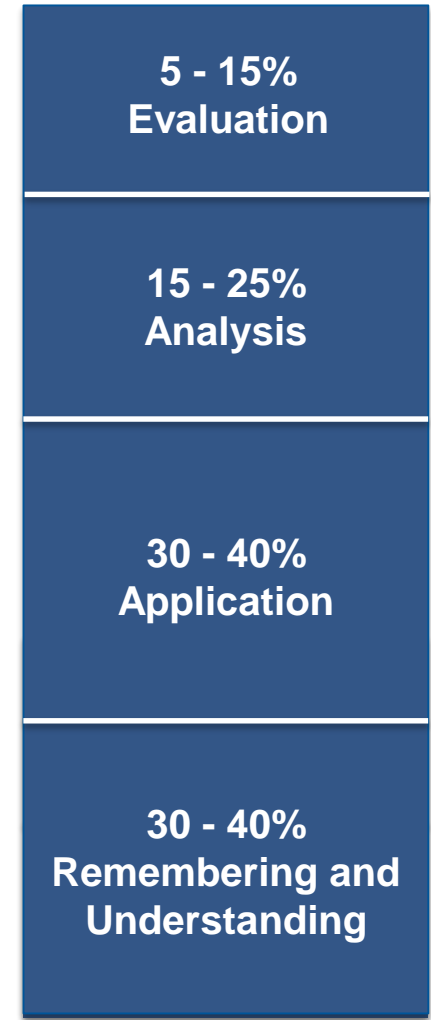
**Business Environment
and Concepts (BEC)**



**Financial Accounting
and Reporting (FAR)**



Regulation (REG)

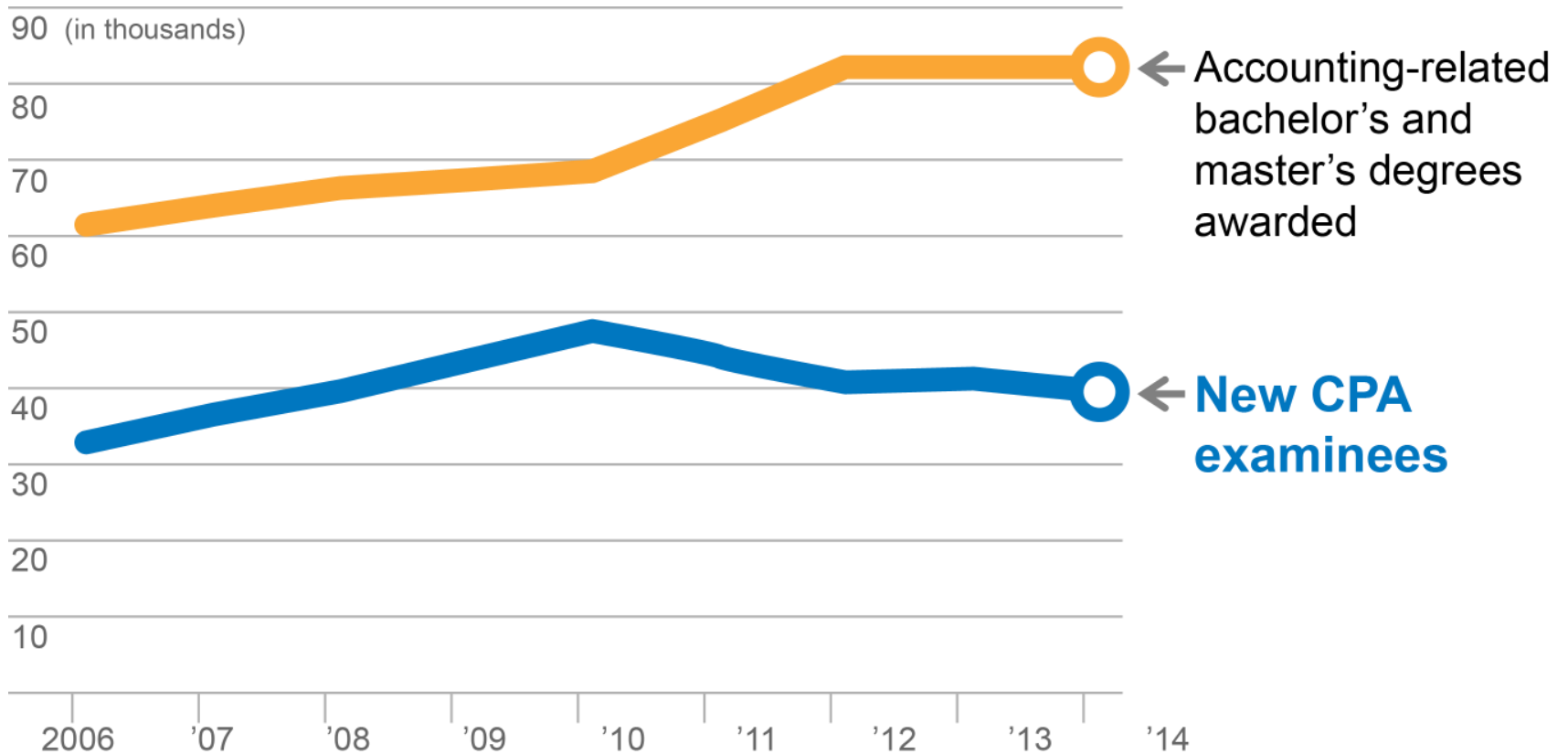


**Audit and Attestation
(AUD)**



CPA candidate pipeline

Are accounting graduates sitting for the CPA Exam?





Results: Environment drives pathway

Strongest drivers for those who graduate & plan to pursue CPA

Employers recruiting on campus

Specialized majors

Pro-CPA culture

Strongest factors in actually sitting for the CPA Exam

Workplace requirements

Employer covers cost

Workplace encouragement and flexibility



Continue building CPA pipeline

Increase campus presence



Extend outreach to community colleges



Build relationships with academics



Parallel efforts to build pipeline through diversity outreach

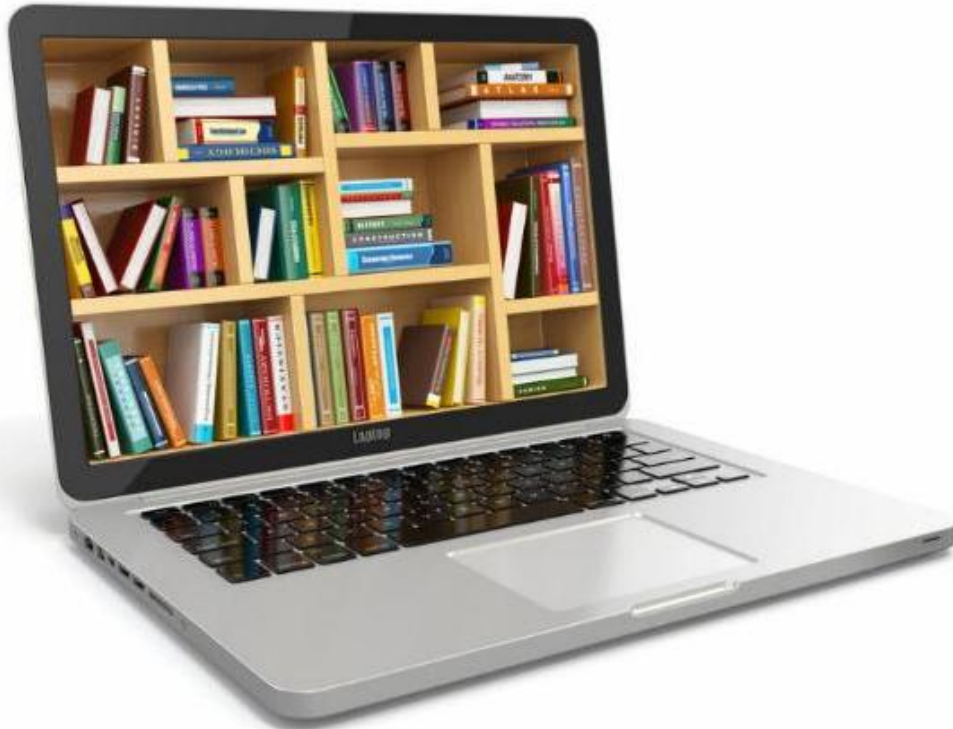


Education initiatives

High school course

High school programs

College efforts





#CPAPOWERED campaign

CPA

HOME RESOURCES WHY A CPA FIND A CPA ABOUT

WELCOME TO #CPAPOWERED
CPA SECRETS TO A BETTER BUSINESS

Find tips and resources to help you run a better business, and discover how a relationship with a certified public accountant gives you access to an expert, trusted adviser all year long.

Pin it 3 Like 1 Visit site Edit Send Share

CPA Secret No. 5
Look to Your CPA as a Trusted Adviser
A CPA can help you build, grow and protect your business year-round.

CPA

CPA SECRETS
TO A
BETTER
BUSINESS

CPA

AICPA
Sponsored (demo)

CPAs help small business owners on the path to success. Find out how at cpapowered.org.

BUSINESS SUCCESS STORIES ARE WRITTEN WITH THE HELP OF A CPA

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CPA SECRETS FOR BUSINESS

CPAs can provide many strategic services for small business owners throughout the life of your business — not just at year-end closing. Is your business #CPAPOWERED? Find out more.

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AICPA Chairman of the Board of Directors

