



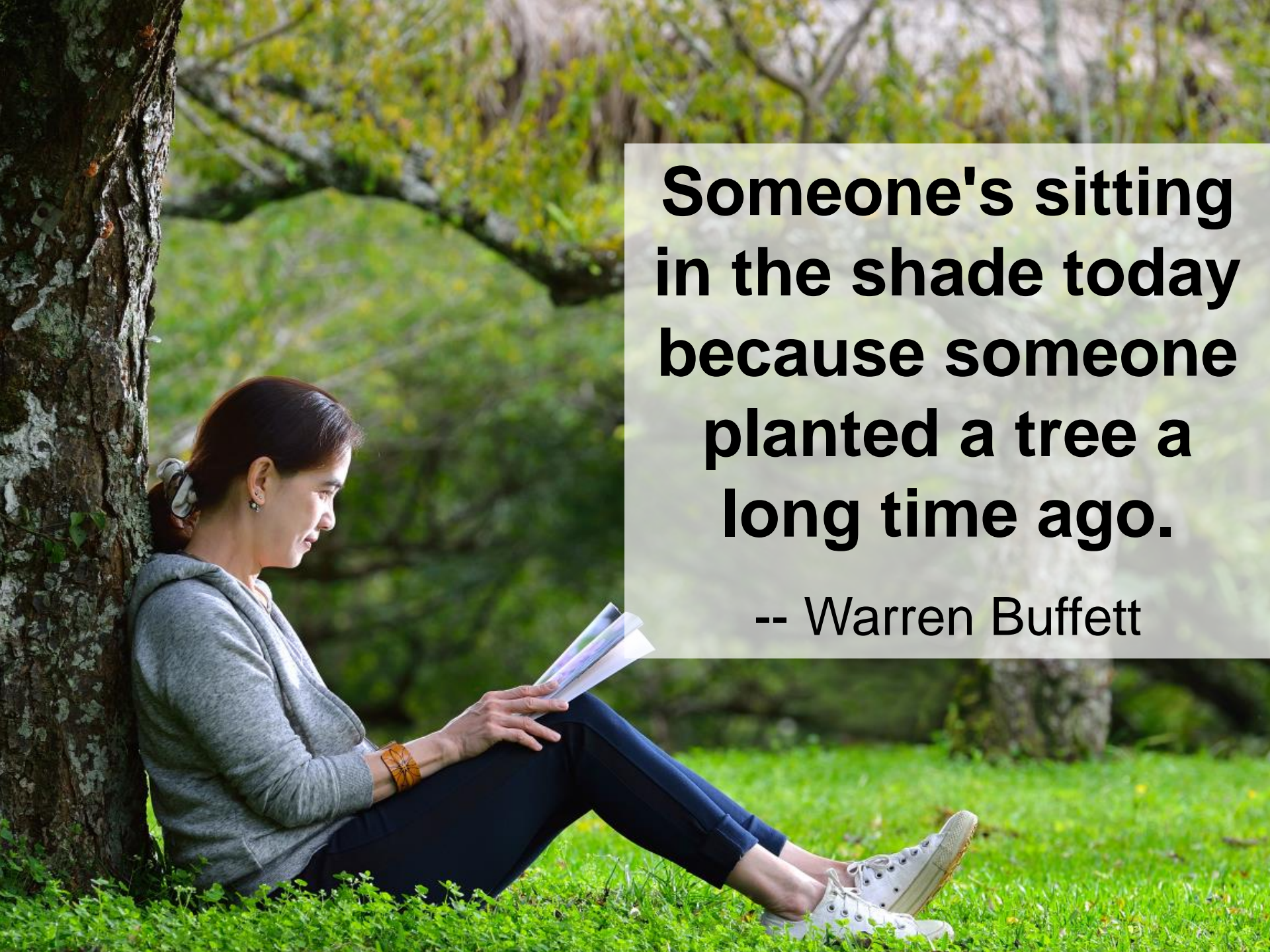
State of the Profession

FEI of Northeastern Wisconsin

January 19, 2016



Tim Christen, CPA, CGMA
Chairman, AICPA 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



Profession stands strong

73%

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

87%

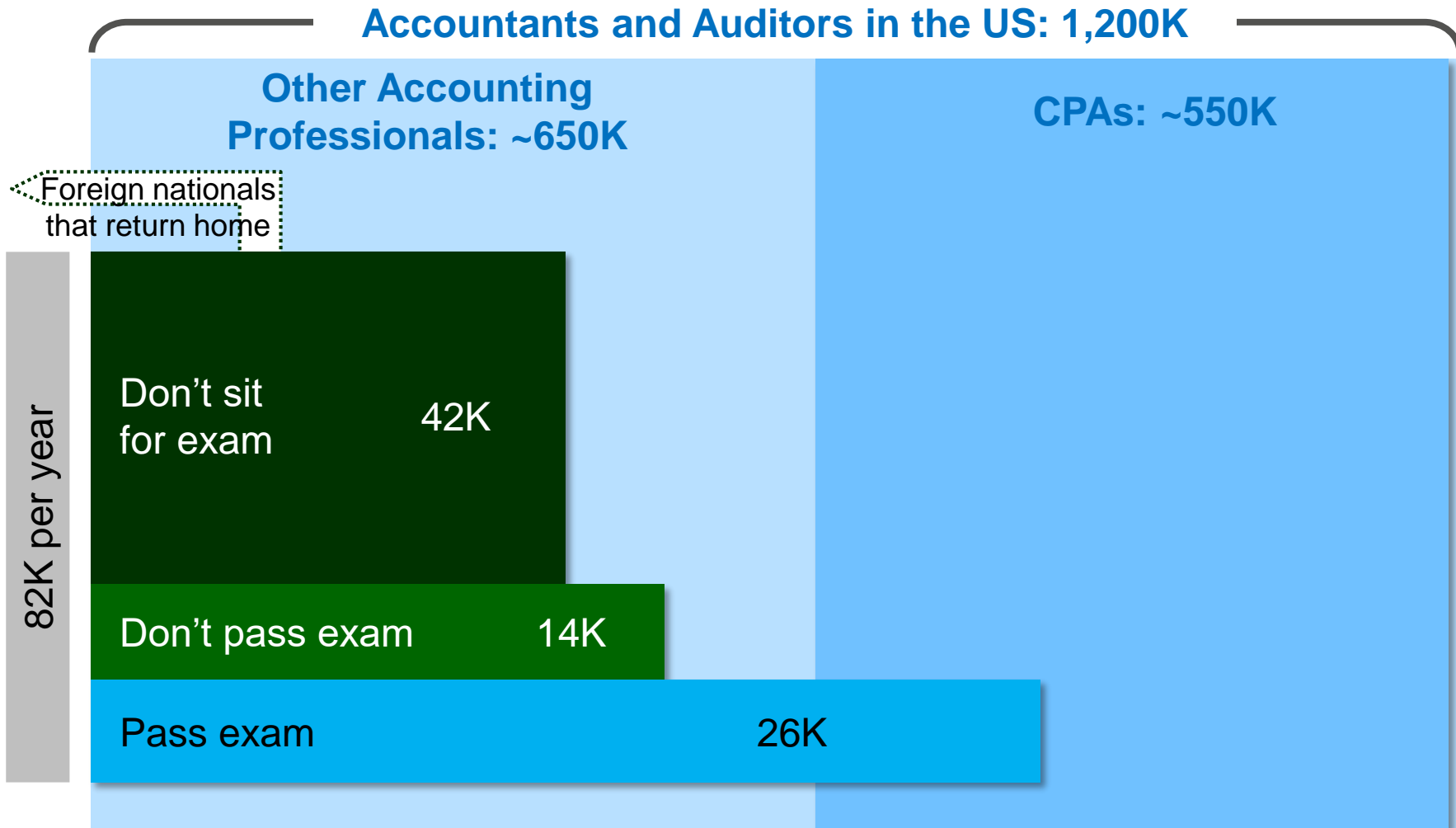
**Of key
decision
makers say
CPAs are
valuable to
their orgs**

91%

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

1 in 3 accounting graduates become CPAs

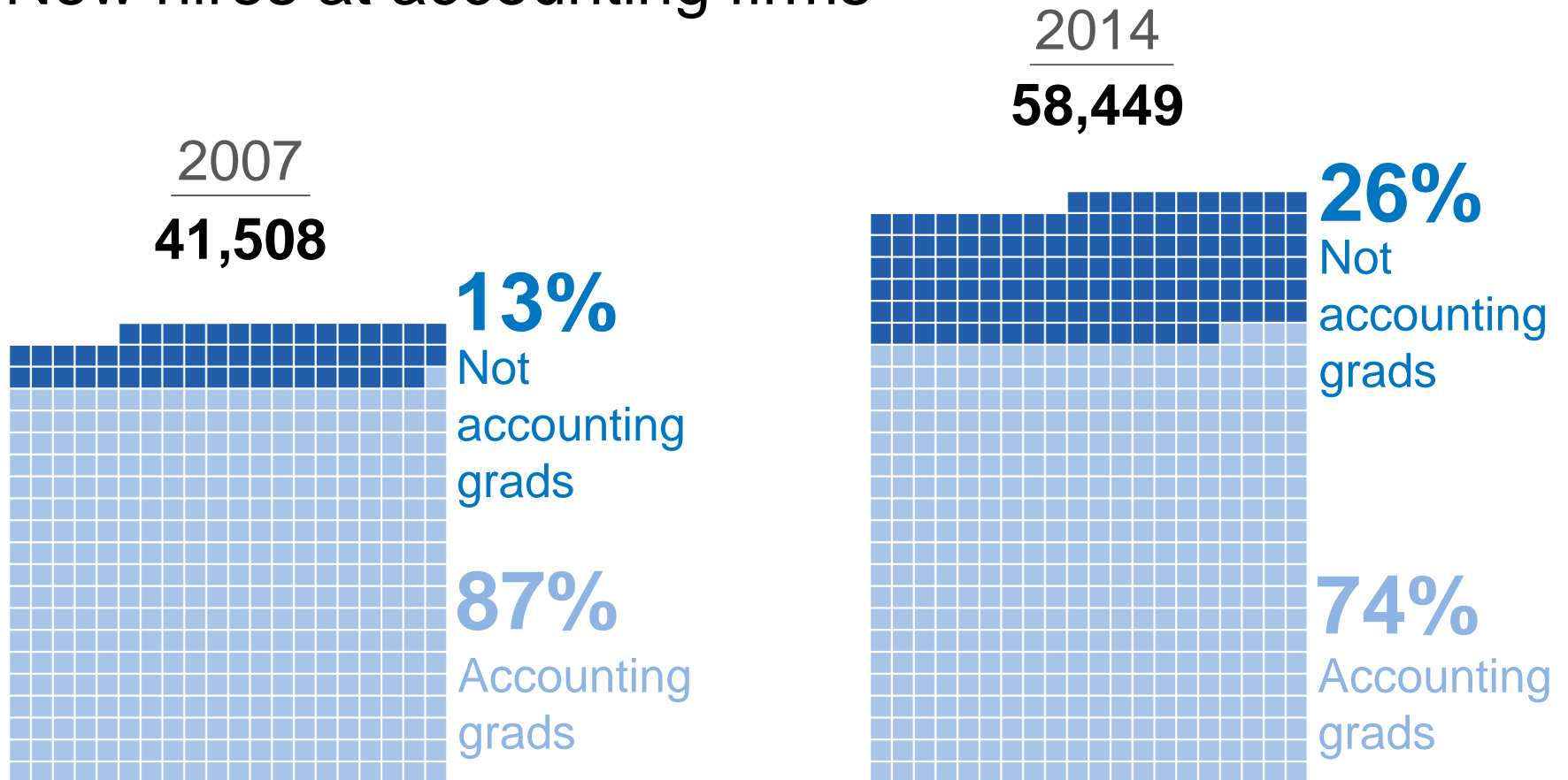
Accounting program graduates



2014 data

More diversification in accounting firms

New hires at accounting firms



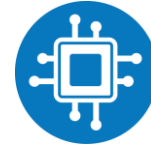
Source: AICPA Trends survey



Trends affecting the profession



INTERNATIONAL SHIFTS



TECHNOLOGY



ECONOMICS



TALENT



SPECIALIZATION



REGULATIONS



LEARNING



COMPETITION



Core values stand test of time

Integrity

Competence

Lifelong learning

Objectivity

Commitment to excellence

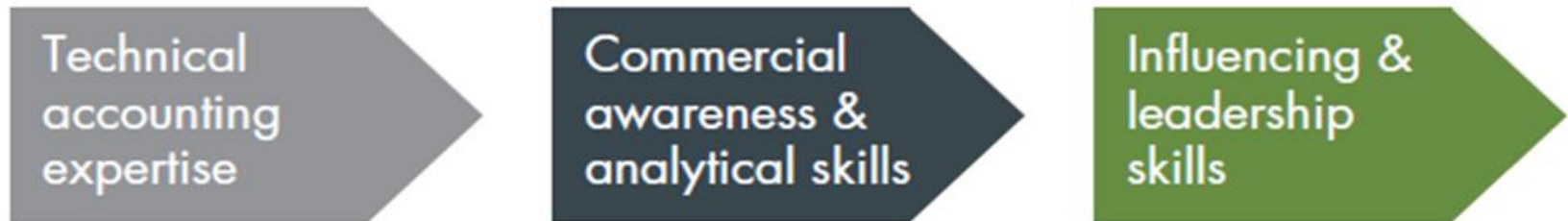
The logo for CPA HORIZONS 2025, featuring the letters 'CPA' in blue, 'HORIZONS' in orange, and '2025' in blue, all in a sans-serif font.



Powering Finance Transformation

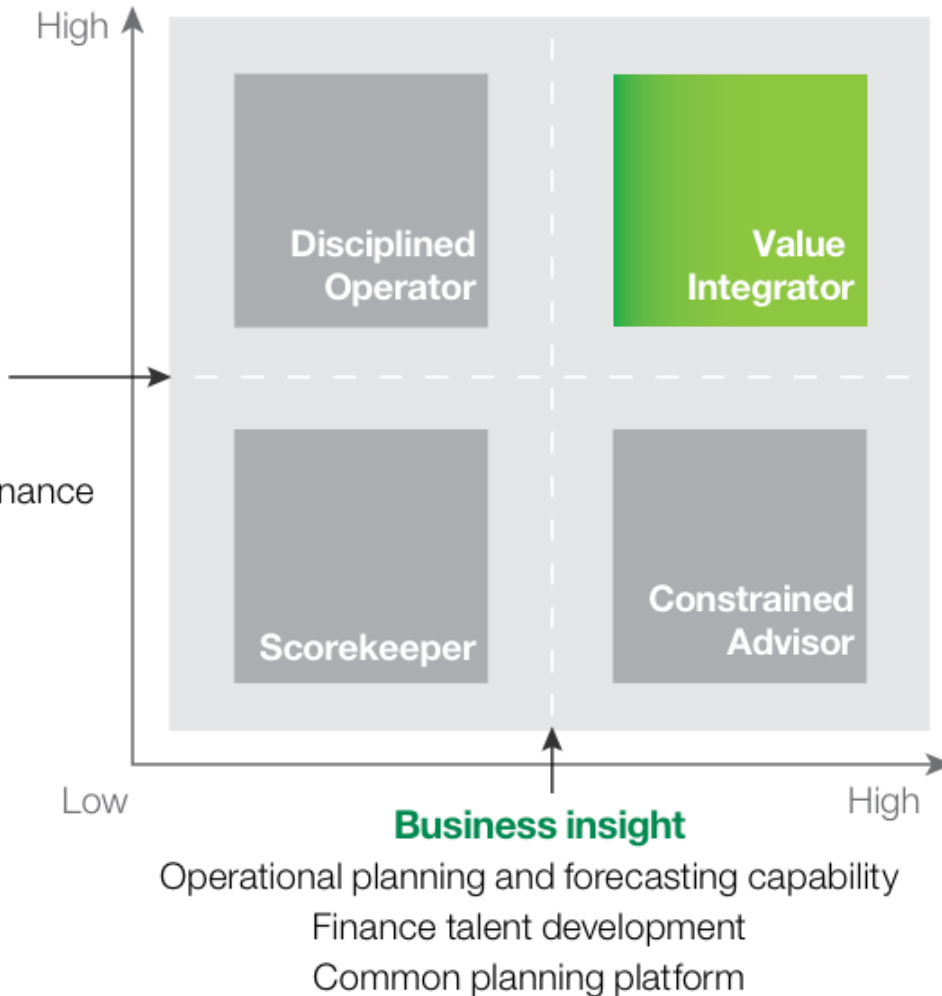


The transformation journey





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

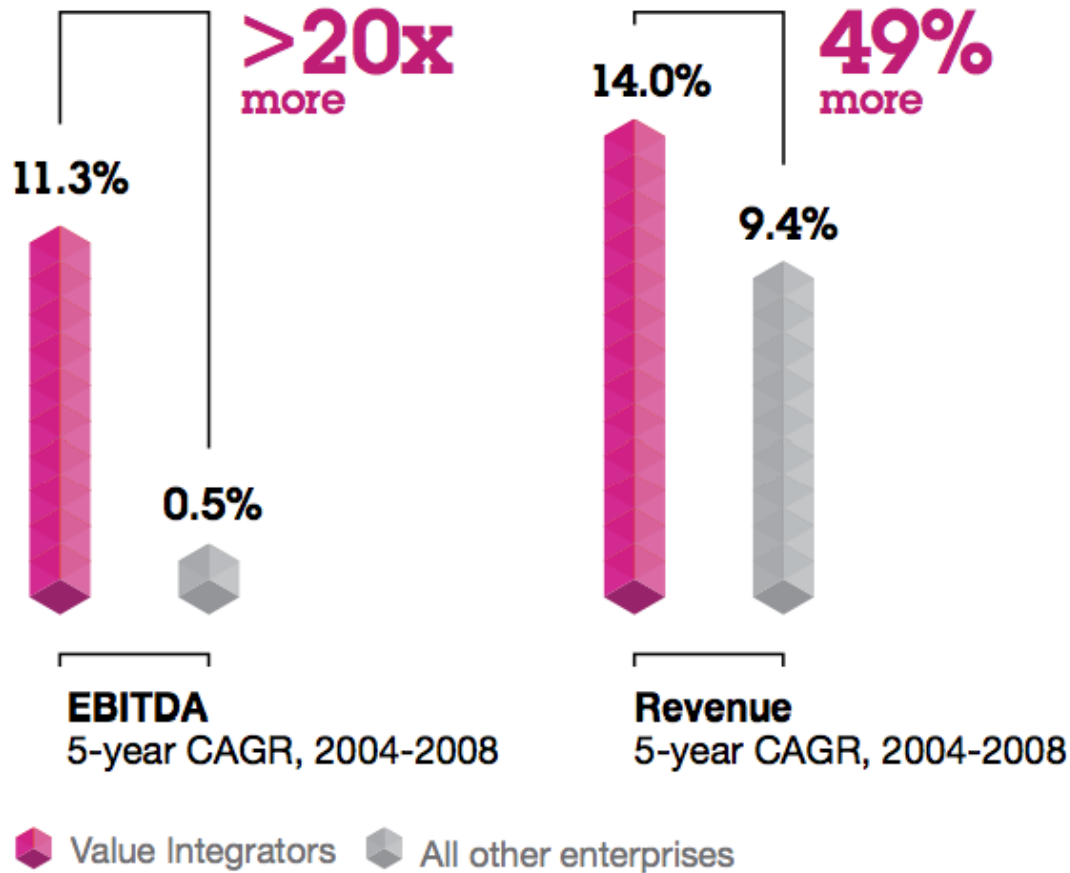
Data recording
Controllanship
Multiple versions of the “truth”

Finance efficiency

Enterprise-wide information standards
Standard financial chart of accounts
Common finance data definitions and data governance
Standard/common finance processes

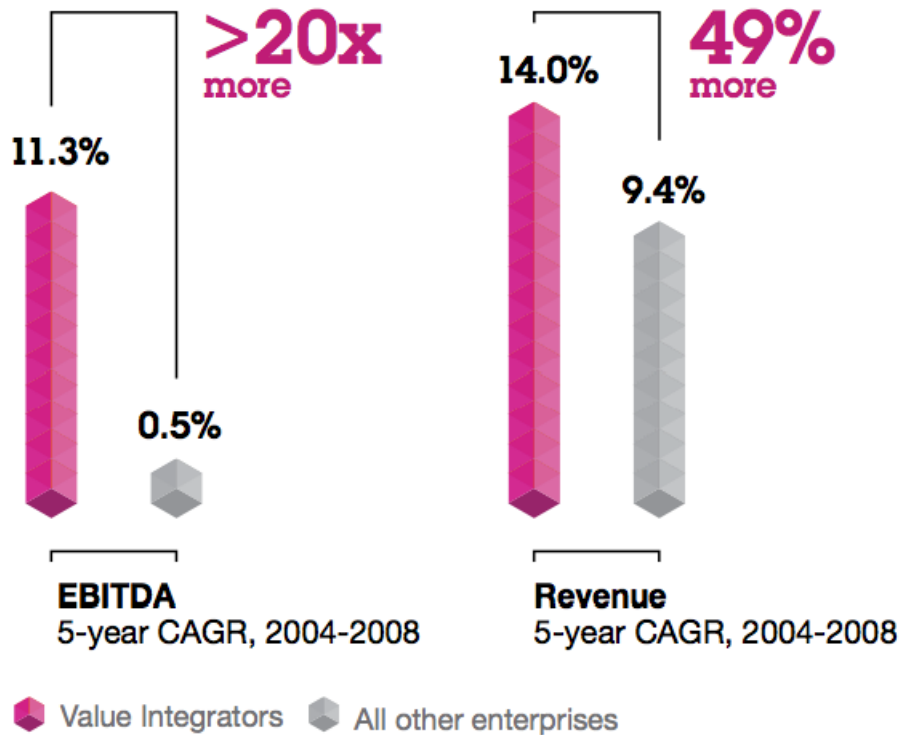


Transformed finance functions add significantly more value

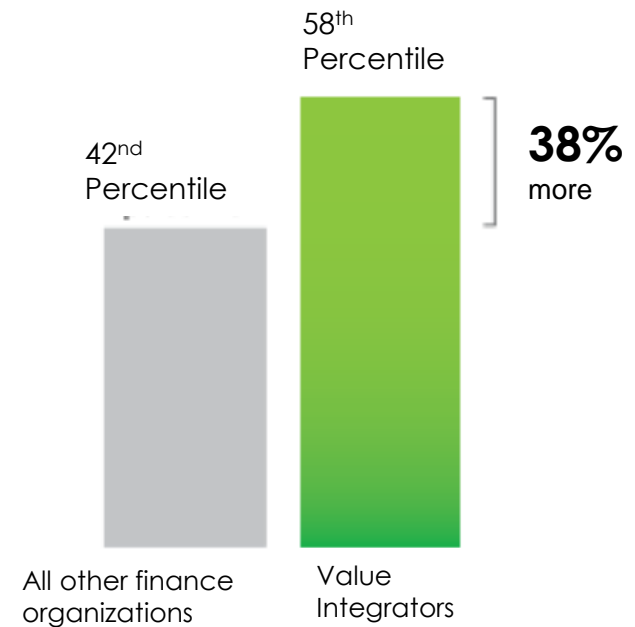




Transformed finance functions add significantly more value



Average ranking on measures of profit and revenue 2014





CGMA



CGMA: Powered by AICPA and CIMA

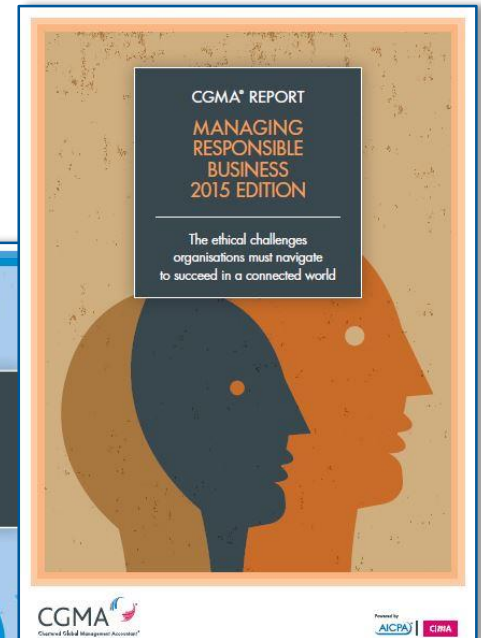
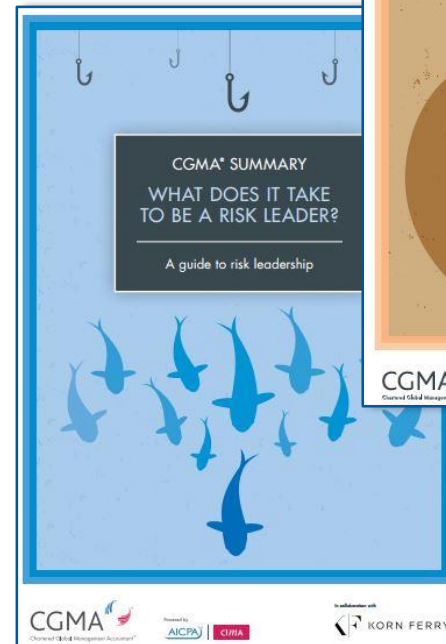
Designation focused on management accounting

Launched January 2012

150,000+ CGMAs worldwide

Nearly 120 reports, tools, resources

Recognition continues growing



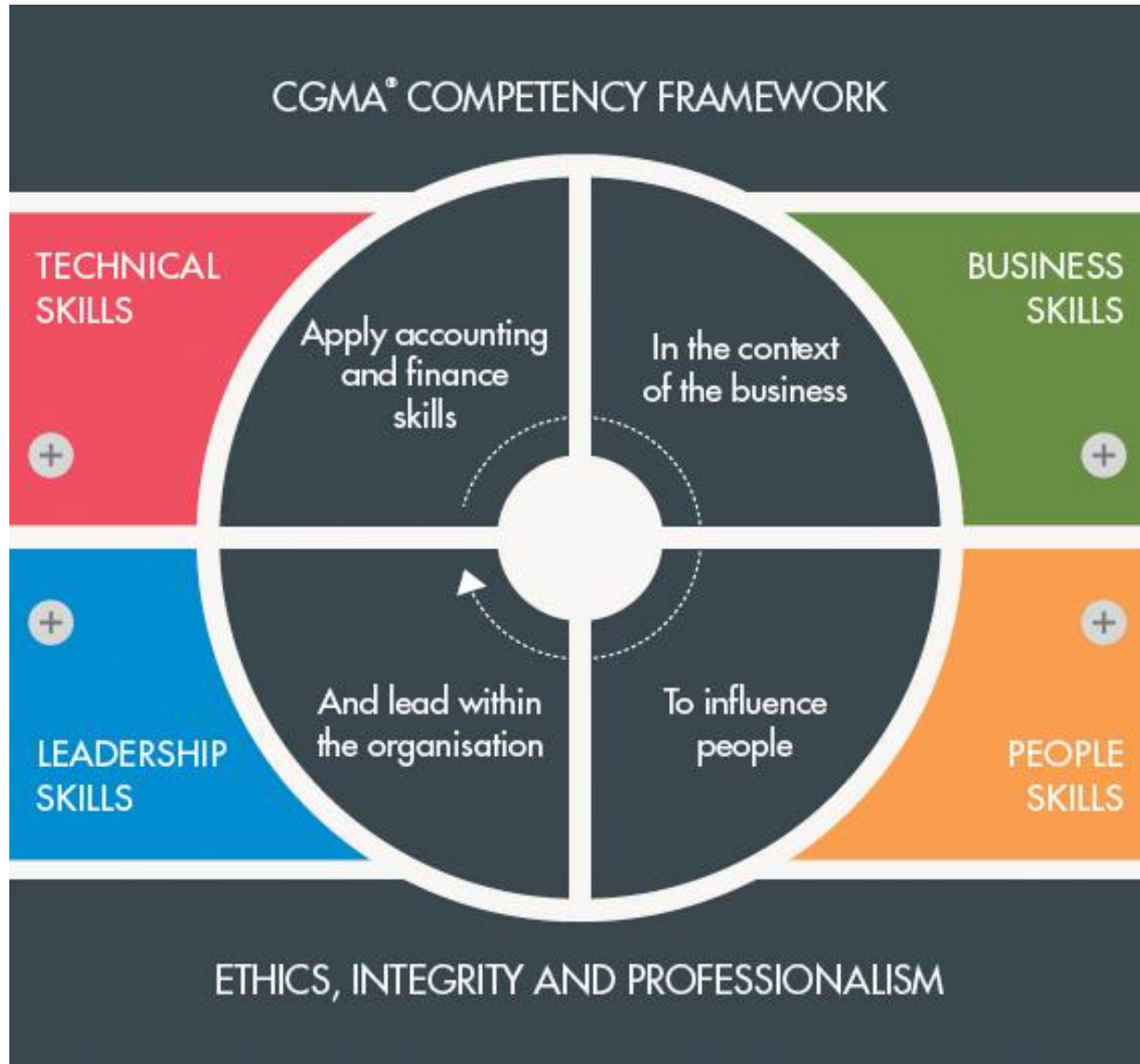


CGMA syllabus and learning program





Competency framework





Building knowledge and skills

competency.aicpa.org

The screenshot shows the homepage of the AICPA CIMA Competency and Learning portal. The header includes the AICPA and CIMA logos, navigation links for 'COMPETENCY AND LEARNING', 'LEARN', and 'ASSESS', a search bar, and a login button. A cookie consent banner is visible below the header. The main content area features a large heading 'LEARNING NEVER STOPS' and a sub-heading 'Find the tools you need to succeed. Select a topic below.' Below this are five red buttons with white text and right-pointing chevrons, each representing a different topic: 'Management accounting', 'Assurance', 'Employee benefit plan auditing', 'Financial accounting & reporting', and 'Governmental auditing'.

AICPA | CIMA

COMPETENCY AND LEARNING LEARN ASSESS

Search

Login

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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 >



CGMA in demand

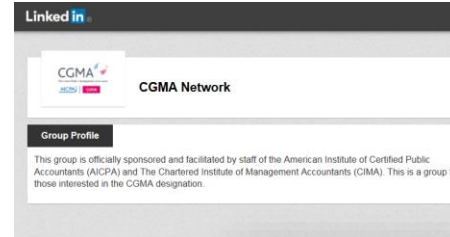


GlaxoSmithKline

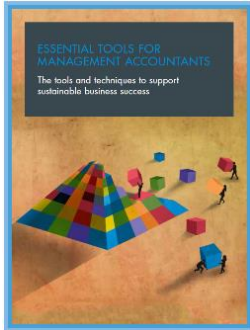
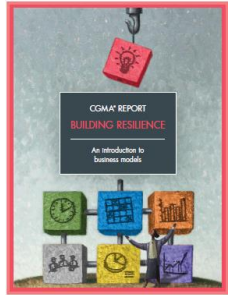




CGMA resources



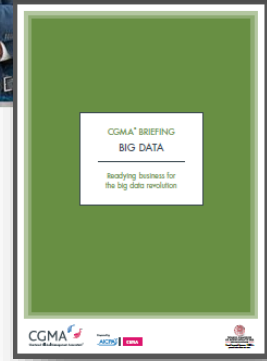
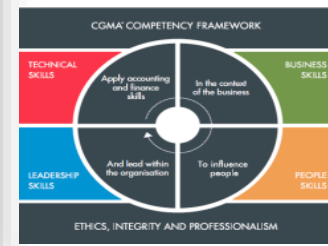
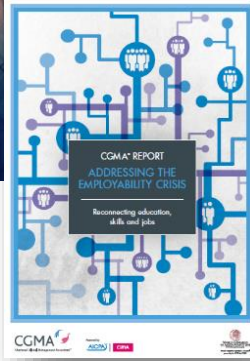
The extended value chain



NEW WAYS OF WORKING...
MANAGING THE OPEN WORKFORCE



CGMA Learning Program: Strategic Management Accounting									
Strategy Development & Implementation		Corporate Financial Strategy			Governance & Risk Management				
Business Development	Strategic Planning	Finance & Reporting	Corporate Tax & S. 179D	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D
Strategic Planning	Business Development	Financial Reporting	Internal Risk Management	Compliance	Financial Reporting	Internal Audit	External Audit	Regulatory	Corporate Tax & S. 179D





Emerging Opportunities



Electronic information

Know how to use the data

Facilitate analysis, decision making

Identify trends and risks

Leverage for Integrated Reporting

Seek assurance

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



Turning insight into impact



86%

of businesses are
struggling to turn
growing volumes of
data into valuable
insight



53%

BUT

say their organization
is investing in
capabilities to harness
the power of big data



CFO role





Way forward

Understand what data including new data is relevant

Assess what data initiatives are already in place

Get quick wins by starting small-scale and prove concept

Formalize a project and develop data strategy

Build on this initiative to deepen a data-culture

Audit of the future

Data standardization

Automation and analytics

Continuous monitoring





Cybersecurity

Developing guidance

Assurance services

Legislation



Professional issues & initiatives

People

- CPA Exam
- Young CPAs
- Student Recruitment
- Diversity & Inclusion

Advocacy

- Fed/State Legislation & Regulation
- State and Local Taxes
- Tax Reform
- Uniformity & Mobility
- Public Policy Issues
- Definition of Attest
- Tax Preparer Registration

CPA Reputation

- Financial Literacy
- Brand research
- Annual tax season promotion
- #CPAPOWERED

Specialized Communities & Credentials

- Not For Profit section, certificates
- CITP, CFF in Canada
- Fair Value Measurement

Core Services

- Enhancing Audit Quality
- Future of the Audit
- Center for Plain English Accounting
- Audit Quality Centers
- SOC Reports
- FRF for SMEs

Management Accounting

- CGMA
- Global Management Accounting Principles
- Competency Framework
- CGMA Exam
- Employer Recognition Program
- Joint Venture Evolution

Opportunities

- Future of Learning
- Competency & Learning Website
- Integrated Reporting
- Sustainability
- Big Data
- CPA.com/Cloud



Joint Venture Evolution



How the AICPA got here:

Strategic priorities in 2010

1 **People**

Maintain pipeline by integrating and capitalizing on student recruitment and programs

2 **Professional excellence and public interest**

Enhance the Business and Industry value proposition

3 **International**

Create an enhanced and integrated international strategy



Identified need to better serve members in business & industry (B&I)

- ▶ B&I members comprise approximately 40% of AICPA membership
 - Historically under-served member segment
- ▶ Seepage
 - Many CPAs were turning to B&I and/or leaving profession
 - Fewer accounting grads are entering into public accounting
- ▶ International considerations
 - Profession, clients & employers becoming more international
 - 66% of the work that AICPA members in B&I performed was outside of traditional audit, accounting, and tax¹
- ▶ Partner vs. build for B&I value creation to reclaim leadership in management accounting space
 - Identified CIMA as partner



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



Outcomes of partnership with CIMA

Positioning	Advocacy	Value & Growth	Performance
<p>Global interest in CGMA brand</p> <p>Deepening relationships with employers globally</p>	<p>Endorsement of Global Management Accounting Principles</p> <p>CGMA Competency Framework</p> <p>Growing catalog of thought leadership on key business issues</p>	<p>AICPA CIMA Competency and Learning website</p> <p>CGMA exam in U.S.</p> <p>CGMA website, magazine, newsletter, tools and resources</p>	<p>+150,000 CGMAs worldwide, with >50k CPAs holding designation</p> <p>Collaboration leading to innovative learning tool on public practice areas</p>



More can be achieved

By partnering more fully, AICPA & CIMA aim to:

Drive greater consistency, quality and relevance of public and management accounting

Enhance advocacy, speaking with the voice of 600K+ professionals to help shape policies in the public interest

Streamline resources to benefit from economies of scale and scope

Achieve a broader platform to talk with students, graduates and professional accountants about CPA and CGMA



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 remains the same

CPA-led profession in U.S.

- Member affiliation
- 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 AICPA logo and the text 'American Institute of CPAs'. A navigation bar below the header has four items: a home icon, 'Highlights', 'Why now?', 'What does it mean to me?', and 'Frequently Asked Questions'. The main content area is divided into two columns. The left column features a large blue heading 'Next Step in AICPA-CIMA Joint Venture' followed by two paragraphs of text. The right column has a white background with a blue heading 'We value your feedback', a paragraph of text, and an orange 'Share Your Feedback' button. Below this is another white section with a blue heading 'American Institute of CPAs Remains Committed to Protecting, Promoting and Growing the CPA' and a paragraph of text. At the bottom right, there is a blue 'Quick Poll:' section with the text 'Which do you see as biggest benefit of'. A video player is embedded in the lower-left section, showing a man speaking with the title 'Tim Christen - "Embracing Change"' and a progress bar.

aicpa.org/horizons



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