

ANNUAL REPORT BRIEF

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Message From the Chairman and President & CEO

BY GREGORY J. ANTON, Chairman
and BARRY C. MELANCON, President & CEO
American Institute of Certified Public Accountants

The year 2012 was historic for the AICPA – the Institute celebrated its 125th anniversary. It’s a milestone that few professional organizations achieve and a testament to the essential work CPAs do each day. Our profession was born out of a need to increase integrity and transparency in the business world and it continues this mission today, evolving as the marketplace demands increasingly greater insight from CPAs. The solid foundation built during the past 125 years and the values embodied by the members of our profession are what will propel the profession to future success. Your daily efforts make it possible for all of us to share in the glory of our longevity.

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For 125 years, the AICPA has worked to advance the accounting profession and speak on behalf of all U.S. CPAs. In addition to reflecting on the profession’s journey through time this year, we also envisioned our profession’s future with CPA Horizons 2025 and began to lay the groundwork for helping members shape the changes before us. You are part of a collective membership that is forging a forward-looking profession, one that stands ready to embrace the complexity ahead and search for the opportunities it offers. At the same time, CPAs adhere to their mission of providing innovative, ethical solutions to clients and businesses of all sizes.

As the national professional organization for CPAs, the AICPA has always supported the profession in fulfilling its mission to provide high-quality services and expertise with integrity, objectivity and competence. Our commitment to our members and your



Gregory J. Anton, Chairman, left, and Barry C. Melancon, President & CEO, led the AICPA through a historic year.

commitment to your clients and employers are unwavering and demonstrate what can be accomplished by a profession that operates from strong core values. This past year was no different. The CPA profession continues to broaden its footprint, providing services that contribute to our capital markets, drive small businesses to success and lead the charge for creative business solutions for the future.

Private company stakeholders called for bold change in financial reporting. The AICPA helped facilitate member and stakeholder support for the recommendations of the Blue Ribbon Panel on Standard Setting for Private Companies. More than 10,000 letters were sent to the Financial Accounting Foundation and were critical to FAF significantly changing its original proposal so that the final decision would be one the AICPA supports. Private companies and the users of their financial statements can now look forward to more relevant and less complex accounting standards for businesses that are required to prepare their financial statements in accordance with U.S. GAAP. The AICPA will continue to advocate for modifications in GAAP for private companies and eagerly awaits the appropriate substantive changes expected to come forth. For businesses that are not required to use GAAP as the basis of their financial statements, the AICPA is developing for release in 2013 a financial reporting framework that further affirms the profession’s support for America’s Main Street companies.

The AICPA continued its robust legislative advocacy. A priority of Congress and the administration was also one of ours. The Jumpstart Our Business Startups Act, signed into law in March, included provisions to ease corporate governance and financial reporting requirements for initial public offerings for “emerging growth companies.” The AICPA supports improving access to capital for America’s businesses; however, the AICPA had concerns about provisions of the act. Still, we secured a provision that prevented application of the rules to existing public companies meeting the EGC criteria and another that allowed EGCs to opt out of the law’s exemptions. Moreover, we developed resources to help members facilitate raising funds in the capital markets for their clients and employers. The Institute successfully opposed several other bills that would have created exemptions to the Sarbanes-Oxley Act audit rules.

In collaboration with the state CPA societies, we worked diligently to influence legislation and regulation that would impact CPAs and their clients. For example, the AICPA and state societies joined forces in a successful effort to repeal a law that would have mandated 3% withholding on payments to government contractors. We also saw interstate practice mobility come even closer to becoming a nationwide reality, with the District of Columbia and California passing legislation this past year.

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Join Us In Celebrating Our 125th Year!

AICPA®



Gregory Anton's passion for helping Americans understand financial issues resulted in new public education initiatives.

As a prominent player in the global accounting community, we also are watching regulatory and legislative developments in other lands. In a borderless world, countries serve as models for each other. With Europe debating dramatic changes in the structure of the auditing profession and the U.S. looking into audit reforms, including mandatory audit firm rotation, the AICPA has provided input to regulators of both. The AICPA and the Center for Audit Quality, which is affiliated with the AICPA, support enhancing audit quality through improved independence, enhanced objectivity and increased skepticism. In addition, the AICPA believes that audit committees play a vital role in audit quality and should be a key part of the solution.

A more complex, quick-paced business environment, combined with the emerging importance of nonfinancial information, required a new answer to CPAs' role in business. On Jan. 31, the AICPA in partnership with the Chartered Institute of Management Accountants launched the Chartered Global Management Accountant designation. CPAs who hold the CGMA designation are now better positioned to gain recognition for their deep expertise in analyzing financial and nonfinancial information and to craft strategies that drive sustainable business success. This high-priority initiative further enhances the AICPA's service to members not in public accounting and promotes an international presence for the U.S. CPA.

We made significant inroads in the marketplace for CPA niche services. For instance, Service Organization Control ReportsSM have successfully evolved from Statement on Auditing Standards No. 70, *Service Organizations*. Service organizations have an awareness and understanding of SOC reporting options, and CPAs are reinforced as the premier provider for assurance in this area.

CPA2Biz continued as a leading voice within the profession on technology, helping our

members and their clients capitalize on the advantages of cloud computing. This digital transformation has given new life to client accounting services, changing what was once a nonstrategic practice area into a high-margin, high-value business opportunity for firms. In addition, CPA2Biz spent the past year deepening its capabilities in mobile app development and other mobile technologies for members who want to stay informed and access valuable resources while on the go.

The CPA profession enjoys a solid reputation among business decision makers, investors and the public. It was further enhanced this year by new public service initiatives that promote financial understanding and awareness. The AICPA has long been a vocal advocate for sound tax policy and effective tax administration. Consistent with our philosophy on tax transparency and visibility, the AICPA launched the Total Tax InsightsTM calculator. It is America's first such tool to help the public understand their overall estimated tax liability, which includes more than 20 types of federal, state and local taxes. It also fosters awareness of the need for financial planning and making more informed financial decisions.

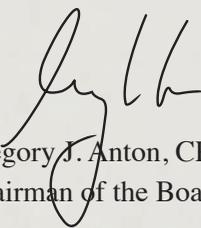
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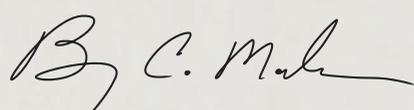
Similarly, the video program, What's at Stake? A CPA's Insights into the Federal Government's Finances, provides guidance for policy makers and the public on how the federal government's financial statements can be used for greater understanding of the country's fiscal health. A DVD was delivered to each of the 535 members of Congress. In addition, we've prepared a number of resources CPAs and others can use to discuss the issues and concerns with their federal legislators across the country.

CPAs have long believed they should share their financial expertise for the public good. Our myriad financial literacy efforts have helped them do just that. In January, we launched a new series of public service announcements for our award-winning Feed the Pig program, which teaches career builders the critical importance of sound financial habits. The AICPA also partnered with the Society for Human Resource Management to launch the Workplace Leaders in Financial Education Awards, recognizing organizations with exemplary workplace financial literacy efforts that enhance employee financial well-being. WLIFE winners, SHRM and the AICPA were honored at events at the U.S. Treasury Department and New York Stock Exchange.

When all is said and done, the profession is a group of people. Even with all the efforts to position members for success, it comes down to having the quantity and quality of people necessary to bring the profession forward. Efforts to fill the pipeline with future CPAs have been very successful, and we continue to push for more CPA candidates to keep up with the growth of the profession. In addition to that, a strong and vibrant profession should reflect the rich and diverse culture of America. We must garner talent from every corner to make sure we attract the best and brightest minds to handle tomorrow's challenges and lead our profession into a new era. Our new National Commission on Diversity and Inclusion, launched in September under the leadership of the AICPA's vice chairman Richard J. Caturano, CPA, CGMA, will work to achieve that goal among underrepresented minorities.

What can we expect in our 126th year? We know it will be filled with tremendous opportunities made possible by the inspiring daily work of our nearly 386,000 members, our dedicated staff, the state societies and the profession's leadership. We are pleased to share with you the AICPA 2011-2012 Annual Report, which describes a time in which we've reflected on our past, celebrated our successes and prepared for the complexity and uncertainty that the future will bring.


Gregory J. Anton, CPA, CGMA
Chairman of the Board of Directors


Barry C. Melancon, CPA, CGMA
President & CEO