



**AICPA** FORWARD: 08 – 09 ANNUAL REPORT



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## Unprecedented challenges

in extraordinary times. There is no other way to describe the past year. No one predicted that so many aspects of the economy could collapse all at once — and worldwide. Yet today, signs point to calmer waters ahead. The AICPA's 2008-2009 annual report looks back at how we navigated a challenging year, how we continue to serve as the resource our members can count on, and how together we are reaffirming CPAs as the nation's trusted financial experts.

Everyone was touched by the deep and prolonged recession in some way. CPAs were no different. No matter where they lived, what industry they were in, or which careers they chose, many CPAs experienced job concerns they never had before. The private sector economy and corporations suffered tremendously from the credit crunch and financial meltdown, and many members in business and industry saw their companies face extraordinary challenges. Among CPA firms, strains on accounts receivable and reductions in revenue were reported as serious considerations affecting firms of all sizes, according to the Private Companies Practice Section's [2009 PCPS CPA Firm Top Issues Survey](#).



> Ernest A. Almonte, CPA/CFF/CITP  
*Chairman*

## Message from the Chairman and President & CEO



At the same time, our members continued to look beyond their own self-interest. CPAs across the country helped businesses, communities, clients, employers, families and friends find sounder financial footing. Many CPAs in government became leaders in helping communities cope with the recession. By working together and remaining committed to our public interest mission, we are playing an instrumental role in helping the nation pull through this crisis and build a stronger foundation for the future. Ultimately, whichever segment of the profession a member worked in, the AICPA was there to help.

The AICPA's Economic Crisis Resource Center, launched in January 2009 (and renamed the [Economic Crisis and Recovery Center](#) in September 2009 in response to signals of an improving financial environment), is the most comprehensive online resource to address the economy from the CPA's perspective. Articles, blog posts, podcasts, videos, white papers and more cover the gamut of topics affecting every area of accountancy. CPAs seeking jobs have free access to our [CPA Job Finder](#), where employers and firms can post open positions.

We also focused our attention on issues important to clients, employers and the public. After the largest Ponzi scheme in history was revealed, we hosted Webcasts on Ponzi schemes and the resulting issues to inform our members how to help their clients and community members who were victimized by such scams. The AICPA also has been working with regulators and legislators on ways to help prevent investment frauds going forward.

Members were given valuable and timely resources addressing the troubled economy so they could assist those they serve. For example, we developed a free monthly Webcast series called "[Braving the Economic Crisis](#)," a special issue of AICPA News Update on the importance of CPAs being financial literacy volunteers, and videos and articles on the state of the economy and the AICPA's response to it. We also engaged the public on money management issues during a downturn.

New public service announcements for our award-winning [360 Degrees of Financial Literacy](#) and [Feed the Pig](#) campaigns were developed and materials for CPAs to use when discussing financial concerns were released. In November 2008, a greatly enhanced Web site was launched for [Feed the Pig](#), furthering its mission of helping America's younger generation make saving a part of their financial lifestyle.

Our specialized areas mobilized to update CPAs on the issues and enable them to better serve their clients and employers. Examples include crisis client communications for firms, business and industry briefs related to heightened risks of fraud and implications of the American Recovery and Reinvestment Act of 2009, a free Web seminar on valuing businesses in a distressed economy and a Web page on [communicating with financial planning clients looking for guidance and reassurance](#).

The Audit Quality Centers also kept member firms informed about economic developments. The [Center for Audit Quality](#), which is affiliated with the AICPA, was very active in articulating the investors' and profession's position on fair value and other topics and created the "[Auditing in a Changing Economy](#)" online library of resources. The Governmental Audit Quality Center provided member firms with timely alerts on crisis-related developments and launched a [Recovery Act Resource Center](#) with resources available to all AICPA members. And, the [Employee Benefit Plan Audit Quality Center](#) held discussion forums and released information on pension issues arising from the financial crisis.

The AICPA is also actively working with members of Congress and others to provide better safeguards and

transparency for consumers and investors, but without subjecting CPAs to unnecessary regulatory burdens. In late April 2009, members of the governing Council and representatives from 50 state CPA societies visited Capitol Hill to deliver the AICPA's [eight specific recommendations](#) for financial regulatory reform, many of which the Securities and Exchange Commission has already acted upon. During those personal visits, the profession's leaders also discussed related [issues important to the accounting profession](#), such as preserving independent, private-sector accounting standard setting by the Financial Accounting Standards Board and banning patents of tax planning methods.

On the state level, our voice continues to be strong, effective and collaborative. Working with the National Association of State Boards of Accountancy, state CPA societies, state boards and others, we achieved tremendous success in passing legislation in 45 states to allow CPAs to work across state lines.

Many of our initiatives were launched in recognition that, in the modern business environment, timely and concise information is critical. In September 2008, the AICPA began its first daily newsletter – [CPA Letter Daily](#), a free e-brief that features the day's top 10-12 business, finance and accounting articles. In less than a year it has attracted more than 117,000 subscribers and boasts an e-newsletter open rate averaging nearly 40%, well above the industry average of 25%. Similarly, [JournalofAccountancy.com](#), launched in October 2008, delivers daily Web-only news stories, informative videos on technical and professional topics and a robust searchable archive dating back to 1997. The Web site averages more than 50,000 visits and 120,000 page views each week.

...we all should be **gratified** that America looked to CPAs as its trusted financial experts.

# ...the AICPA also is **focusing** on future trends that are important to the profession...

Another significant effort this year is a proposal for a revised framework for compilation and review services — the biggest changes proposed to Statements on Standards for Accounting and Review Services (SSARs) since 1978. The changes, designed to address concerns of small businesses, users of small business financial statements and CPAs who serve smaller entities, would allow a CPA to issue a review report on financial statements when also performing nonattest services that were designed to improve the reliability of the client's financial information. Additionally, the exposure draft under consideration would harmonize review standards with international standards, where appropriate, as well as recodify the literature so there are separate chapters for compilation and review engagements.

First and foremost, the Institute recognizes that people are our profession's most critical asset and, once again, we delivered on keeping the CPA pipeline full. Our *2009 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits* report shows that more than 66,000 students earned bachelor's and master's degrees in accounting for 2007-2008, up 3.5% over the prior year's record numbers. To further increase the number of accounting students, this past summer we relaunched our "Start Here, Go Places." student recruitment campaign Web site to give students a more personalized and interactive experience. In addition, 30 accounting doctoral candidates were selected to begin their education in September 2009 with financial backing from the *Accounting Doctoral Scholars* Program. Seventy accounting firms and more than 40 state CPA societies contributed approximately \$17 million in funding to the effort, which is administered by the AICPA Foundation.

One achievement this year of which we are especially proud is the launch of our new AICPA Leadership Academy, which aims to develop leadership qualities among young CPAs. In July 2009, a diverse group of 28 CPAs under the age of 35 came together with us and other leaders of the accounting profession to learn the skills needed to lead their organizations, communities and the accounting profession.

While our nation still faces a bumpy road to recovery, we all should be gratified that America looked to CPAs as its trusted financial experts. We are proud that the AICPA successfully assisted CPAs and the public through the worst economy since the Great Depression, and helped CPAs deliver objective, sound advice and guidance.

And as we embark on the path to economic recovery, the AICPA also is focusing on future trends that are important to the profession, all of our members and those they serve. Among the key ones are an interconnected global economy, the prospects of increased financial regulation, international convergence of accounting and auditing standards, the emerging business case for social media outreach and a pipeline of future CPAs sufficient in supply and talent to replace workers nearing retirement.

This report highlights some of the many accomplishments, initiatives and priorities of the past year that will help us forge a path to a stronger foundation for our nation. It's been an unforgettable year, for sure.



**Ernest A. Almonte, CPA/CFF/CITP**  
Chairman



**Barry C. Melancon, CPA**  
President and CEO

# Assisting CPAs Through Rough Waters

**In the face of a severe, worldwide economic downturn**, the AICPA provided members with resources and information to help them understand emerging issues and developments so they could better serve the public, their businesses and their careers. The Institute also engaged in significant advocacy efforts to clearly inform Congress and the public about key policies.



# Indispensable Resources

- **CPAs seeking timely news and insights could turn to the AICPA Economic Crisis and Recovery Center.** The Center, which was launched on January 30, 2009, as the Economic Crisis Resource Center in partnership with the AICPA's marketing and technology subsidiary CPA2Biz, provides a diverse range of resources and tools. Informative articles on timely issues included fraud, going concern, pensions, practice management, strategic planning and budgeting. The site's lively [blog](#), the [CPA Straight Talk Podcast Series](#) and informative videos covered topics ranging from fair value to small firm survival tips, technology concerns to effective stimulus measures.
- To assist with employment issues in a troubled economy, **the AICPA CPA Job Finder, the official job board of the AICPA, made it easier for members to find new career opportunities and for employers to locate qualified CPAs.** Beginning February 1, 2009, and continuing indefinitely, the CPA Job Finder eliminated all fees to AICPA member firms to post open professional positions. Total job searches through the CPA Job Finder, versus the AICPA's prior job postings program, grew by 75% for the twelve months ended June 30, 2009, as compared to the same period in 2008, while new member résumés uploaded soared 240%. Total active résumés housed within the CPA Job Finder are up 472%.
- **Uncertain economic times created new challenges for CPAs dealing with fair value accounting, liquidity considerations, impairment issues and going concern decisions.** The AICPA stepped up to the plate with a timely and instructive audit risk alert: *Current Economic Crisis — Accounting and Auditing Considerations*.
- **A new, free monthly Webcast series, [Braving the Economic Crisis](#), provided insights** into economic stimulus legislation, COBRA and pension provisions, working with lenders and other pressing concerns.



- **The AICPA issued informative technical practice aids** on accounting issues related to credit union financial reporting, among others, while the **Center for Audit Quality** issued a **practice guide** on testing journal entries for evidence of material misstatement due to fraud. In addition, the Accounting Standards Executive Committee released a draft issues **paper** on valuation considerations for alternative investments to clarify complex considerations in that area. The Financial Accounting Standards Board (FASB) later issued a pronouncement on the subject.
- **The AICPA’s specialized communities mobilized to provide resources to meet their members’ unique needs.**
  - The Personal Financial Planning (PFP) Section featured a dedicated **Web site** with tools for helping clients in tough times. Timely **Webcasts** — on Ponzi schemes, their tax implications, and working with clients in a changed market — were among the resources available to PFP Section members. *The CPA’s Guide to Investment Adviser Registration* explained the complicated issues involved in registration and was available free to all AICPA members, while *Advising Clients in Tough Times* prepared CPAs to anticipate and address client needs.
  - The Forensic and Valuation Services Section stepped up with tools for members working with troubled businesses, including a free **Webcast** on valuation of businesses in a distressed economy and another Web event on developing discount and capitalization rates in light of the recession’s impacts.
  - For CPAs addressing information technology concerns, Information Technology (IT) Section members benefited from resources such as a **Webcast** on IT considerations in risk-based auditing and a seven-part article series on the ABCs of IT security for CPAs.
  - Small firm practitioners had a variety of tools to help them better serve clients and manage their own businesses during the recession. The Private Companies Practice Section (PCPS) developed a sample letter – **the client credit crisis communication** – with shared tips and ideas for business owners facing the downturn. The **PCPS Economic Podcast Series** offered advice from successful practitioners on helping clients improve operations, address financing and liquidity issues and solve problems in their own firms. To assist firms in tackling client retention, the top issue in the **2009 PCPS CPA Firm Top Issues Survey**, the new **PCPS Client Service Resource Center** presented tools on improving client service, communicating with clients, addressing recession-related concerns and client relationship management. PCPS also offered advice to firms on layoffs as well as an **outplacement checklist** for staff members who have lost jobs.

- **Members who serve as CFOs, controllers and in other roles in industry** saw a series of **business briefs with advice on adapting enterprise risk management, credit and operating finance issues, the value of focusing on fundamentals and opportunities in a downturn.** CPAs could also download a [PowerPoint presentation](#) on navigating the economic crisis to use in updates to employers. Infocasts on subjects such as enterprise risk management and fraud risk management provided timely insights on these critical issues, as the risk of fraudulent activities typically heightens during financially challenging times. In addition, the [AICPA Audit Committee Effectiveness Center](#) provided information on what audit committees need to know about the American Recovery and Reinvestment Act of 2009 (ARRA), among other hot topics.
- **CPAs working in government were offered numerous resources, including a [brief on the American Recovery and Reinvestment Act](#) and how it affects governmental entities and a [two-part brief](#) that addressed specific steps they should take** to help their employers weather the financial storm.
- **Employee Benefit Plan Audit Quality Center** member firms got information to help them **understand the impact of the subprime mortgage crisis and market events on employee benefit plans** through e-Alerts and teleconferences covering the increased risk to a plan's investment portfolio and investment valuations and disclosures essential for a fair presentation. The center also helped members implement new fair value accounting requirements and new rules for section 403(b) retirement plans by hosting member teleconferences and developing tools and resources.
- **The Governmental Audit Quality Center** assisted member firms in understanding the **implications of the ARRA** and its impact on single audits with a new [Recovery Act Resource Center](#), e-Alerts and member forums. The center also continued its efforts to respond to a federal single audit quality study that showed improvements are needed in many areas by enhancing technical guidance, participating in the development of a new compliance auditing standard and issuing practice aids and tools.

• The **Center for Audit Quality (CAQ)**, which is affiliated with the AICPA, offered a wealth of useful information, including alerts and comment letters on its Web site. A new “Auditing Library” contains helpful guides as well as white papers and practice aids. A new resource, the *Guide to Public Company Auditing*, educated capital market stakeholders on the vital role public company auditors play in providing transparency in the markets. A Webcast helped auditors of smaller public companies prepare for the attestation requirements of Section 404 of the Sarbanes-Oxley Act for the first time, while another three-part series of Webcasts covered implementation of Public Company Accounting Oversight Board Auditing Standard No. 5. The CAQ also was vocal in speaking out on fair value accounting concerns and commenting on proposed standards.



“ CPAs at all levels of government face complex, quickly evolving accountability and transparency issues, especially in times of crisis. The AICPA provides the professional forum and resources CPAs need to help maintain public confidence in government programs. ”

> **Jeanette Franzel, CPA**  
*Managing Director*  
*U.S. Government Accountability Office*

# Advocacy and Education

- As concerns about the economy and investments heightened, **the AICPA recommended to Congress a series of specific measures to promote transparency and strengthen investor protections in the U.S. financial system by requiring tighter audit requirements.** The AICPA advocated the continued registration and regulation of broker-dealers by the Securities and Exchange Commission (SEC), SEC regulation and registration of hedge funds and required audits of those funds by independent CPAs. The AICPA also called for continued regulation of investment advisers, unannounced examinations of them to confirm safekeeping of assets if they are deemed to have custody of clients' assets, and CPA evaluation of controls over custodial functions. Finally, the Institute urged adequate funding for the SEC to fulfill its regulatory responsibilities. The SEC has already acted upon several of these proposals.
- **Members of Council, AICPA Federal Key Persons and leadership from all state CPA societies visited congressional representatives** in April 2009 to discuss the **key legislative issues affecting the accounting profession**, including reforming interstate taxation of mobile workers' incomes and banning patents for tax planning methods.
- **The AICPA marshaled a concerted effort to provide reasoned statements and information on the controversial issues surrounding fair value accounting.** The Institute told Congress and others that independent, private-sector accounting standard setting is critical to a free-market economy, offering unequivocal support for the Financial Accounting Standards Board's (FASB) continuing independence. In the midst of the debate over fair value accounting in March, AICPA President and CEO Barry C. Melancon held a conference call with a wide range of reporters from influential news outlets on the issue, as well as on trends in U.S. financial reporting and other critically important issues affecting the U.S. economy. CAQ Executive Director Cindy Fornelli **wrote** to members of Congress warning about the consequences of suspending fair value accounting rules and also testified on the issue. The PCPS Technical Issues Committee issued **comment letters** expressing the small practitioner viewpoint on various FASB fair value proposals; the **Accounting Standards Executive Committee** also commented.

- **Anticipating increased regulation of the financial services industry, the AICPA has been working to inform congressional representatives of the profession's position.** Along with other businesses and organizations and the U.S. Chamber of Commerce, the AICPA signed a [letter calling for a delay](#) in a vote on legislation to establish a Consumer Financial Protection Agency so all the bill's issues could be studied. The AICPA believes some provisions appear to be redundant with existing regulation since CPAs are licensed and regulated by state boards of accountancy, posing an unnecessary additional regulatory burden on CPAs without providing any increased protection for consumers. On September 23, the AICPA testified before a House committee on the potential impact of the proposed agency on small business and CPAs.
- **The AICPA engaged in extensive advocacy efforts on Capitol Hill regarding critical pension funding issues** related to the market downturn. The Institute also developed a [white paper](#) detailing the need for temporary funding relief and joined more than 350 other organizations and businesses in a [letter to Congress](#) on the pension funding challenges caused by the credit crunch.
- **In an impressive victory, 45 states have now enacted interstate practice privilege legislation and further action is expected in several more this coming year.** Working collaboratively with the National Association of State Boards of Accountancy, state CPA societies, state boards and others, the Institute continued building momentum in a national effort to promote adoption of a uniform system that enables licensed CPAs to provide services across state lines without being subject to unnecessary burdens that do not protect the public interest. To help answer members' mobility questions, the AICPA produced an interactive online [map](#) describing the basic components of each state's mobility provision and providing directions for gaining supplemental information, as well as links to the National Association of State Boards of Accountancy resource page and state board Web sites.
- **Internal Revenue Code Section 7216**, which took effect January 1, 2009, sets restrictive limits on the use or disclosure of tax return information. In response, the AICPA launched a multipronged approach to help members with the new regulations. On the advocacy front, the Institute has had several meetings with Internal Revenue Service (IRS) officials to discuss the need for further guidance for tax preparers, including proposed [FAQs](#) that the AICPA provided the IRS for use in simplifying and clarifying the scope of the rules. For members, the Institute created a wealth of [resources](#) to help them make sense of the regulations, such as a practice guide that featured sample consent forms and a chart setting out the requirements, a *Tax Adviser* article explaining the regulations in depth, a [Webcast](#) with practical advice and a video on complying with the new rules.

- **The AICPA also is involved in the Internal Revenue Service’s review of tax preparer standards and registration.** IRS Commissioner Doug Shulman in summer 2009 said he planned to submit to Congress a proposal regarding new regulations for paid tax preparers by the end of 2009. At one of the IRS’s public forums, the AICPA said it supports the goals of increasing compliance and maintaining high ethical standards for all tax practitioners, but raised concerns about imposing duplicative regulatory processes on CPAs. In addition, the AICPA submitted [answers to questions](#) from the IRS on the subject.
- **On August 4, the AICPA sent a letter to the Federal Trade Commission (FTC) urging it to exempt CPAs from its “Red Flags” rule slated to take effect November 1.** Many state CPA societies reiterated this position in letters to their members of Congress and the FTC. The rule requires “financial institutions” and “creditors” to implement programs to detect, prevent and mitigate identity theft. The AICPA and state societies expressed concern about the rule’s broad application and its possible impact on CPAs and small businesses.



“ The AICPA is an effective voice for improving our profession, economy, regulatory system and corporate citizenship. AICPA membership means I’m part of the professional organization that is engaged and influential in these critical areas. ”

> **Robert Tarola, CPA**  
*President, Right Advisory LLC*

# Helping the Public Get Upstream

**In the midst of an economic crisis,** the Institute acted quickly to provide valuable resources and information for consumers and demonstrate the profession's commitment to the public interest.



# Finances and Taxes

- **To help consumers find the tools they need to survive the recession, new content was added weekly to the profession's 360 Degrees of Financial Literacy Web site on a variety of topics**, from coping with job loss to cutting household expenses. Two new sections — “[Recessionary Survival](#)” and “[Investor Education](#)” — joined the existing resources for consumers. In addition, informational kits on coping with recession and other topics enabled CPA financial literacy volunteers to promote awareness and understanding of critical financial issues in their communities.
- **A new monthly 360 Degrees of Financial Literacy consumer e-newsletter provides news and noteworthy articles** that help more than 4,000 subscribers manage their finances. In addition, a regular consumer email alert offers updates on breaking news related to money management.
- **The AICPA and the Ad Council released a new round of public service announcements as part of the Institute's award-winning Feed the Pig campaign**, aimed at helping 25- to 34-year-olds build sound financial habits. Media coverage on the release included CPA interviews with nearly 30 television and radio stations across the country. The spots came in the wake of an AICPA-commissioned study that found young adults are drifting deeper into debt and seeing their net worth decline. Feed the Pig was declared one of the Ad Council's top 10 most successful campaigns in 2008.
- During the peak of concern about the failing economy last fall, **members of the AICPA National CPA Financial Literacy Commission showcased CPAs' expertise by providing consumers with tips on dealing with their personal finances** in the event of a job loss. In addition, “[Coping with Job Loss](#)” was one of the timely additions to the 360 Degrees of Financial Literacy Web site.



- In a [video](#), AICPA President and CEO **Barry C. Melancon** encouraged CPAs to become **financial literacy volunteers in their communities**, describing opportunities such as visiting classrooms or offering fraud prevention sessions for seniors.
- **An AICPA/Harris Interactive Survey that identified Americans' important financial concerns was one highlight of the Institute's involvement in Financial Literacy Month in April.** Respondents indicated negative views of the banking system and expectations that credit would remain tight, while seeing potential improvement in the economy. As a key sponsor of Financial Literacy Day on Capitol Hill, the AICPA provided material promoting 360 Degrees of Financial Literacy and Feed the Pig to legislators, regulators and the media, giving extensive visibility to the CPA profession's efforts.
- **The profession continued to take a leadership role on key tax policy issues.** The Institute offered recommendations on numerous legislative subjects on the public's behalf, such as IRS oversight and tax compliance, the alternative minimum tax, estate tax reform, the tax treatment of cell phones and personal digital assistants, penalty reform, the IRS e-file strategy and offers in compromise.



“ The AICPA’s financial literacy campaign, particularly Feed the Pig, helps the public see the relevance of our mission and that we are financial experts with the information they need to be more financially successful. And that we care. ”

> **Patricia Cochran, CPA, CFO**  
VSP Vision Care

# Staying on Course with Communications, Resources

**The AICPA developed resources,** tools and programs to help CPAs make sense of changing times and pressing issues as new developments and trends affecting the profession emerged.



# News, Sharing, Branding and Tools

- On September 15, 2008, **the AICPA launched CPA Letter Daily, a free, interactive e-newsletter** available on an opt-in basis. The newsletter, which covers the 10 to 12 most important stories in business, finance and accounting as well as AICPA information each weekday, was created to deliver news to members when, where and how they need it. The newsletter has more than 117,000 subscribers and boasts open and click-through rates significantly higher than industry standards, demonstrating the value readers place on the publication. Further capitalizing on the emerging popularity of online networks, CPA Letter Daily enables readers to easily share articles in the e-newsletter with colleagues and friends through Twitter, Facebook and LinkedIn by using special social media buttons, the first of their kind for an AICPA publication. CPA Letter Daily's [Twitter](#) account has more than 800 followers.
- **Four free monthly e-newsletters were created in response to important interest areas for members.** [IFRS Report](#) and [InfoTech Update](#) began in October 2008 and have more than 77,000 and 64,000 opt-in subscribers, respectively. [Financial Planning Digest](#) and [Forensic & Valuation Reporter](#) launched in January 2009 and have acquired more than 38,000 and 28,000 subscribers, respectively. All of these e-newsletters are part of the CPA Letter Daily family of electronic publications.
- Launched in October 2008 in collaboration with CPA2Biz, [JournalofAccountancy.com](#), **the Web site of the AICPA's flagship publication, provides professional and regulatory news, in-depth analysis of hot topics, and a library of short, practical videos.** Since its launch, the Web site averages more than 50,000 visits and 120,000 page views each week. The site hosts more than 12 years of searchable *Journal of Accountancy* archives, and posts daily news stories, Web-exclusive feature articles and four to six *JofA*-produced videos each month. The site's videos have been viewed more than 60,000 times. Members can also find bonus content, such as downloadable spreadsheets and exhibits, related to articles that appear in the print publication. Articles on the Web site provide social media share functionality so members can help keep peers and coworkers informed through their networks. More than 2,200 people follow the magazine on [Twitter](#).

- **An early adopter of social media among professional organizations, the Institute stepped up its use of new media channels this past year.** It introduced Twitter, LinkedIn and Facebook pages, blogs and podcasts to stay in touch with members and the public. CPAs and the public can connect with each other through the AICPA's numerous Twitter accounts, such as [AICPANews](#), which has more than 2,100 followers. Members also can participate in the AICPA's sites on [Facebook](#) and [LinkedIn](#). Podcasts are used to communicate various messages, ranging from the Institute's Feed the Pig campaign to developments in standards to tips for CPA firms on client issues. YouTube's AICPA MultiMedia page features CPA Profiles and personal finance videos, while the Young CPA Network page features informative and engaging videos. Moreover, conference attendees can tweet about their observations and interactions to increase the event's shared learning opportunities. Engaging blogs appear on [IFRS.com](#), the AICPA Web site for resources on International Financial Reporting Standards, and the [Economic Crisis and Recovery Center](#) site. The AICPA has committed to enhanced social media activities to capitalize on emerging trends and the latest technologies.
- **The Institute expanded awareness of the profession's specialized credentials — Accredited in Business Valuation, Certified in Financial Forensics, Certified Information Technology Professional and Personal Financial Specialist —** through a series of media activities, such as surveys and polls, as well as interviews with credential holders on economic-related issues. At the same time, a program to earn a new [Certified in Financial Forensics](#) Credential was established in September 2008, making it possible for CPAs to distinguish themselves in this burgeoning field (as of July 31, there were more than 3,400 CPAs with the CFF Credential). The AICPA and Texas Tech University's Division of Personal Financial Planning together developed an educational program leading to the AICPA's [Personal Financial Specialist](#) Credential. The program, called [PFS Pathway](#), is specifically for CPA planners who want to attain the financial planning credential. Meanwhile, the [Certified Information Technology Professional](#) Credential was refocused on information assurance and business insight in response to changing technology demands in the business world.
- One of the AICPA's key strategic priorities is to enhance and promote the CPA profession and its reputation. **In recent research to ascertain the relevance, differentiation and esteem of the CPA brand, the Institute found that CPAs are viewed more positively than any other business professional, client satisfaction is high and CPAs are most closely associated with integrity, competence and objectivity by all audiences.** Most clients and employers are willing to pay more for CPAs, and 82% of young CPAs are optimistic about their earnings potential.

• **Consistent with its primary mission to help small firms serve clients, CPA2Biz continued to enhance its Web-based Trusted Business Advisor Solutions.** Since January 2007, more than 75 Trusted Business Advisor training workshops have been held in conjunction with 35 participating state CPA societies. In April 2009, CPA2Biz launched its groundbreaking **Intacct Accountants Program** — a Web-based financial application that enables CPAs to work more collaboratively and strategically with their clients. **Trusted Business Advisor Solutions** now include tailored CPA offerings from **Bill.com**, **Intacct** and **Paychex**. More than 20,000 CPA firms are enrolled in one or more of the Trusted Business Advisor Solutions programs. Firms can access those programs through the new Accountant Portal debuted by **CPA2Biz** this year, which provides customizable client marketing resources and other Trusted Business Advisor guidance and source material.

• **Resources for PCPS members helped practitioners address critical practice management issues.** The 2008 **PCPS/TSCPA National MAP Survey** offered CPAs a unique opportunity to benchmark their procedures against those of similar firms. The **PCPS CPA Firm Top Issues Survey**, a bi-annual study that provides a snapshot of the most significant challenges facing practitioners across the country, revealed that client retention had bypassed staffing as the chief concern for practitioners in the midst of a recession. The popular PCPS online **Practice Management Forums** covered hot topics such as an after-tax-season post mortem, the economy's impact on CPA firm valuation, M&A and succession, as well as the best way to create a learning culture in a firm. All 11 subject areas of the **PCPS Human Capital Center** became available.



“ The AICPA is my toolbox, filled with educational resources, publications, the Technical Hotline, audit guides and more. As a member of the Governmental Audit Quality Center and Private Companies Practice Section, I get important alerts and information from their Web sites. ”

> **Laura Lindal, CPA**  
*sole practitioner*

# Going Around the Globe

**The AICPA played an active part in ongoing efforts** to reduce complexity in financial reporting by supporting the movement toward principles-based financial reporting standards that are accepted around the world.



# A Worldwide View of A&A

- **The Institute took a leadership role in the movement toward greater acceptance and understanding of International Financial Reporting Standards (IFRS) for public companies.** In its [comments](#) on the Securities and Exchange Commission's proposed roadmap on adoption of IFRS for U.S. issuers, the AICPA supported the creation of a single set of high-quality accounting standards that public companies would use to prepare transparent and comparable financial statements across the world. However, the Institute expressed concerns regarding the proposed timeline and other issues. It also put together an [analysis](#) of comment letters on the SEC roadmap to illustrate the issues the SEC must address as it considers IFRS adoption. The Institute's dedicated [IFRS resources Web site](#) provides a wealth of information and tools to help CPAs contemplating the transition or looking to enhance their knowledge of IFRS. Mindful of the needs of private companies and the CPAs who serve them, the Institute also developed numerous resources to help members understand and use the International Accounting Standards Board's new [IFRS for Small and Medium Entities](#).
- **The AICPA recruited volunteers with experience in preparing financial statements using international standards to take part in the effort to advocate for CPAs here and internationally,** develop best practices that will help preparers and auditors, update the content of the CPA Examination and show thought leadership throughout this important period in the profession. An [exposure draft](#) of proposed content and skill specifications for the CPA Exam also addressed the potential need to add IFRS-related content to the exam, which will be included in 2011.
- **An effort was begun to explore the possibility of offering the CPA exam internationally,** thereby expanding the availability of the U.S. CPA license.

- **As part of its ongoing commitment to making auditing guidance more understandable and consistent, the Auditing Standards Board has issued two final statements on auditing standards under its *Clarity Project*, as well as more than a dozen exposure drafts that contain more than 20 proposed statements. The project encompasses an initiative to converge U.S. auditing standards with International Standards on Auditing. Once the project is completed, the effective date is expected to apply to audits of financial statements for periods beginning on or after December 15, 2010.**
- **The AICPA participated in an initiative undertaken by the Global Accounting Alliance, which represents the world's leading accounting bodies, to provide recommendations for improving and simplifying financial reporting worldwide based on research and study.** The Institute took part in organizing roundtable events where regulators and other stakeholders in financial reporting around the world can begin discussions on the ideas emerging from the research. The AICPA co-hosted and moderated the roundtable discussion that took place in July 2009.



“ An effective CPA profession is essential to free enterprise. The AICPA supports CPAs in academe to provide for a continuous supply of the best and brightest entry-level professionals. ”

> **Gary Previts, CPA**  
*Accounting Professor, Case Western Reserve University*  
*Past President, American Accounting Association*



# Forging Ahead with Standards

**To provide members with clear and relevant standards,** the Institute continued to enhance and update guidance for tax and review and compilation services. The AICPA also created a host of resources to help CPAs make the most of a historic restructuring and improvement in accounting standards.



# Tax Practice and A&A

- **The AICPA Tax Division proposed revisions to the existing statements on standards for tax services that will respond to members' requests for clarification of some issues and update the standards** in line with changes in state and federal tax laws since their original issuance.
- To respond to the concerns of smaller business owners and the CPAs who serve them, **the Accounting and Review Services Committee issued an exposure draft that would make the most significant revisions to the standards for compilation and review engagements since 1978.** Among other changes, the proposal under consideration would permit a CPA to issue a review report on financial statements when also performing certain nonattest services that were designed to improve the reliability of the client's financial information. It would also harmonize certain terms and concepts in the compilation and review standards with international review standards and U.S. attestation standards, as well as recodify the standards into separate chapters for compilation and review engagements.
- **The AICPA provided members with a wealth of information and updates about the Financial Accounting Standards Board Accounting Standards Codification™ (FASB ASC),** which launched on July 1 and became the authoritative source of nongovernmental accounting literature. An AICPA [Web site](#) dedicated to the codification features resources to help CPAs use FASB ASC. From the site, members can link to the AICPA's FASB ASC Overview and Recent Developments [Web page](#), which explains the scope and structure of FASB ASC and FASB ASC Research System. An informational one-minute [video](#) and a [Journal of Accountancy](#) article review how the new computer-based system differs from the prior GAAP hierarchy. Members also have access to a [PowerPoint presentation complete with speaker notes](#) that they can use to educate others in their organizations on FASB ASC. In addition, a [special member value](#) offering access to FASB ASC and seven select AICPA audit and accounting guides was developed.

# Gaining Momentum on Financial Reporting

**The AICPA participated in a number of efforts** to ensure the profession is on the cutting edge of new initiatives in financial reporting and that new developments address the needs of CPAs, their employers and their clients.



# Financial Information and Reporting

- **The Private Company Financial Reporting Committee (PCFRC), created by the AICPA and the FASB, was successful in helping private companies obtain relief from some of the disclosure requirements of FIN No. 48, *Accounting for Uncertainty in Income Taxes*, and in obtaining FIN No. 48 implementation guidance for pass-through entities. The PCFRC also made recommendations on differential accounting for private companies related to FIN No. 46R, *Consolidation of Variable Interest Entities*, and provided suggestions on the key FASB-IASB Financial Statement Presentation Discussion Paper, along with feedback on numerous other proposed standards. In its comments on the SEC's proposed IFRS roadmap, the PCFRC advocated for a comprehensive parallel initiative for private company financial reporting if the project proceeds. Despite the productive work of the PCFRC, the pace of progress in obtaining true differential standards for private companies has been slower than expected.**
- **New information and guidance from the AICPA helped members better understand eXtensible Business Reporting Language.** A free Webcast — *XBRL: Transforming Financial Reporting*, and a statement of position — *Performing Agreed-Upon Procedures Engagements That Address the Completeness, Accuracy, or Consistency of XBRL-Tagged Data*, were among such resources. In a sign of the expanding adoption of XBRL, new SEC rules will, over the course of a three-year phase-in period, require all public companies to provide financial statements to the commission in XBRL format and mandate XBRL reporting of mutual fund risk/return summaries. In celebration of XBRL's success, the AICPA released *The Story of Our New Language*, a paper documenting the history of XBRL from its origination in 1998 to its adoption for public company reporting in the U.S. a decade later.
- **The AICPA and other proponents of Enhanced Business Reporting are now collaborating with a number of other organizations around the world** through the *World Intellectual Capital Initiative*, a global network dedicated to best practices in business reporting for key non-financial value drivers. The AICPA is a founding member of the *Enhanced Business Reporting Consortium*, which is currently working with Gartner to develop industry-specific key performance indicators, consistent with one of the recommendations included in the August 2008 final report of the *SEC Advisory Committee on Improvements to Financial Reporting*.
- **To further efforts aimed at helping businesses enhance both profitability and their environmental and social impact, the AICPA participated in a forum on accounting for sustainability** hosted by Britain's Prince Charles and attended by international business leaders. The Institute also has begun work on a sustainability initiative to help members address the "triple bottom line" in financial reporting.

# Delivering the Profession's Future

**The profession's most critical asset is its people.** Top priorities for the AICPA include ensuring that qualified future CPAs continue to flood the pipeline — along with a sufficient number of accounting educators to teach them — and fostering a strong and diverse workforce.



# Human Capital, Leaders and Educators

- **The number of students who graduated with accounting degrees in the 2007-08 school year surpassed the previous year's record level**, according to the *2009 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*. More than 66,000 achieved bachelor's and master's degrees in accounting, 3.5% higher than the previous year and the largest number of graduates since 1972, when the AICPA began tracking the data. And while hiring of new graduates has declined overall as a result of the weakened economy, midsize/large regional firms did report an increase in recruiting new accountants.
- **The AICPA spread the word about the profession to more than one million students** through its sponsorship of Monster's **Making It Count**, the largest and most comprehensive in-school college and career assembly program in the country. On another front, **nearly 2,000 visitors stopped by the AICPA booth at the virtual online college fair, CollegeWeek Live**, which introduced the profession to high school and community college students as well as teachers, guidance counselors and parents. In late July, a new Web site for the profession's "**Start Here, Go Places.**" initiative was launched to promote accounting careers to high school and college students who have not yet chosen a major.
- **Forty years ago, the AICPA recognized the need to support people of color within the accounting profession.** The Institute launched the Minority Initiatives Committee and began an undergraduate scholarship program during a period when the nation was navigating its way through the Civil Rights Movement. Among the many accomplishments during this time are: scholarships for minority accounting students, with approximately 10,000 awards made to date totaling more than \$14 million; fellowships for minority doctoral students, which have provided funding to 107 doctoral candidates; and the **Accounting Scholars Leadership Workshop** for undergraduate and graduate students, which emphasizes the profession's opportunities for minorities. In honor of the progress made by minorities, in summer 2009 the AICPA released an e-Book, *CPAs of Color: Celebrating 40 Years*, creating an open-source tool to highlight leaders of color in the profession.

- **The AICPA continued its efforts to support women CPAs by co-sponsoring the Women to Watch program**, which honors women leaders in the profession. *The Attraction, Retention and Advancement of Women Leaders — A Business Case for Organizational Sustainability*, a new publication, outlines how to make a customized business case based on turnover, retention and advancement of all staff within the organization.
- An initiative of AICPA Chairman Ernie A. Almonte, **the new AICPA Leadership Academy offered a select group of CPAs under age 35 the chance to develop leadership skills they can use in their organizations, communities and in the profession**. They also had the opportunity to forge valuable relationships with other dynamic young CPAs and establish mentoring relationships with leaders of the profession. The first class gathering featured presentations by Mr. Almonte as well as AICPA President and CEO Barry C. Melancon and Marty Linsky, a Harvard University professor and leadership consultant. Participants have been placed on AICPA committees.
- **After its launch in 2008, the Accounting Doctoral Scholars Program made quick headway in its efforts to address two critical needs — increasing the pipeline of qualified doctoral candidates and creating funding for additional slots for students in accounting doctoral programs focusing on auditing and tax**. To date, 70 of the largest accounting firms and more than 40 state CPA societies have committed approximately \$17 million to the ADS Program, which is administered by the AICPA Foundation. An initial group of 30 candidates was selected for funding; they will receive fellowships of \$30,000 annually for four years. The first group of students started their education in September 2009.

- The new **PCPS Succession Resource Center** is a comprehensive online resource with tools that help practitioners address any number of scenarios, including nurturing future leaders and addressing retirement transitions.
- All components of the **PCPS Human Capital Center** are now accessible, providing practitioners with information and tools on myriad subjects, including team recruitment, orientation and assimilation, team development, work/life and retention and generation/diversity integration. Videos introduce users to the site and demonstrate how to put the center's resources to work. **CPAs can also turn to the PCPS Human Capital Center Toolbox Series** for succinct reviews of key points from the center's 11 sections.



“ The AICPA provides young CPAs with a lot of opportunities to experience different areas of accounting, whether forensic, international or industry – or something else. The broad exposure will help them determine where they want to go with their careers. ”

> Elizabeth Nilsen, CPA, CFO  
*West Yost Associates*

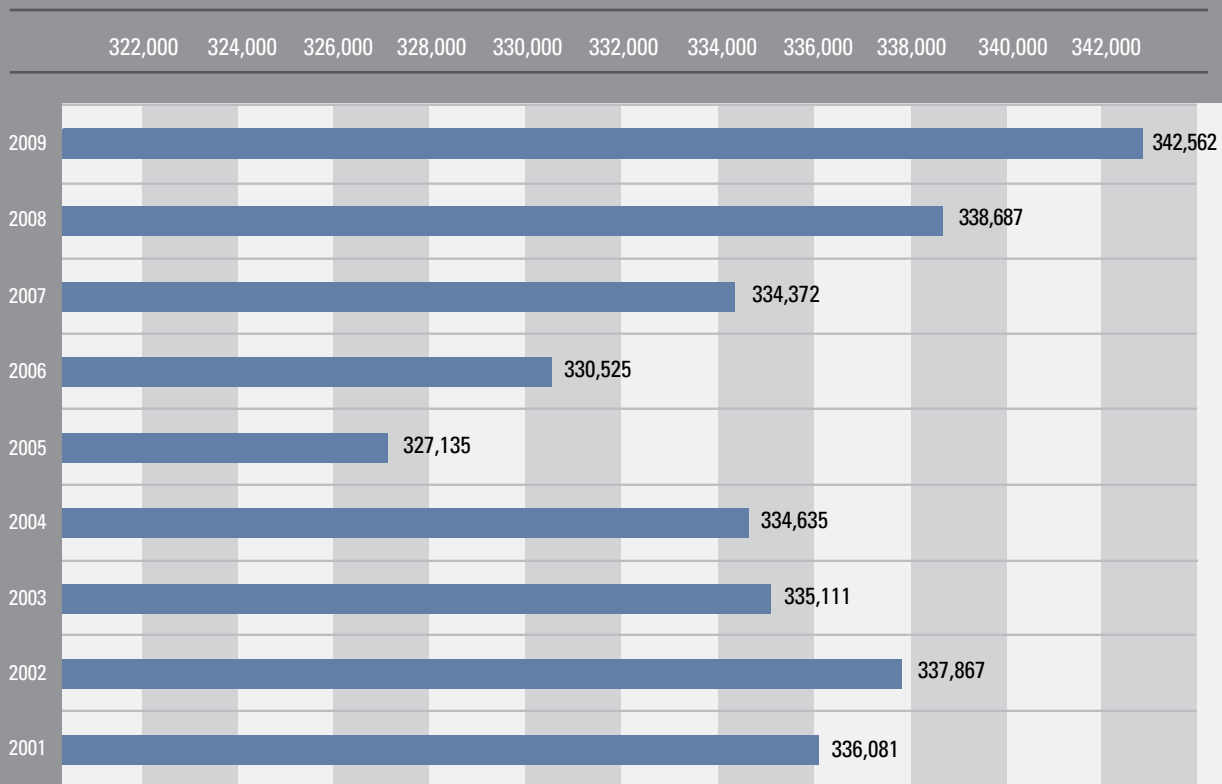


# Financial Statements

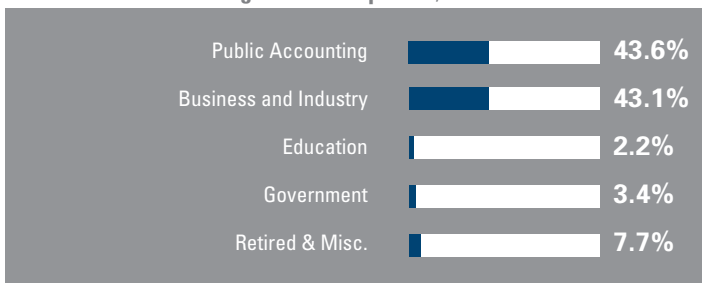


# Sources and Occupations of AICPA Membership

AICPA Voting Membership Since 2001



2009 Total AICPA Voting Membership 342,562 Members



Membership in Public Practice 149,395 Members



# Management's Discussion and Analysis

As the premier national professional association for CPAs, the AICPA's mission is to provide members with the resources, information and leadership that enable them to provide valuable services in the highest professional manner to benefit the public as well as employers and clients. This year, the AICPA fulfilled this mission as it helped members and the public navigate the unprecedented challenges of a global economic crisis. Through the Economic Crisis Resource Center – the most comprehensive online source to address the economy from the perspective of our diverse membership – and other strategic programs, we helped members guide their clients, companies and communities through a turbulent year. The online center contains articles, blog posts, podcasts, videos, white papers and more covering the gamut of topics affecting every area of accountancy. In addition, CPAs seeking jobs have free access to our CPA Job Finder, where employers and firms can post open positions.

The AICPA ramped up its targeted support for the challenges of the year even as it continued to execute on its multi-year strategic plan. We re-launched our "Start Here, Go Places" Web site to promote accounting careers to high school and college students who have not yet chosen a major.

Our 360 Degrees of Financial Literacy and Feed the Pig campaigns launched new public service announcements to engage the public on money management issues during the economic downturn, and in November 2008, an enhanced Web site was launched for Feed the Pig, which expanded its mission of helping our younger generation make saving a part of their financial lifestyle.

On the legislative front, we proposed recommendations to Congress to promote transparency and strengthen investor protection in the U.S. financial system. In collaboration with the National Association of State Boards of Accountancy (NASBA), state CPA societies and state boards, significant progress has been made on the CPA mobility initiative. Forty-five states have passed legislation to allow CPAs to work across state lines, and work continues in the remaining jurisdictions.

To allow members to obtain information on issues affecting the profession and other important business stories, we launched CPA Letter Daily, a free, interactive e-newsletter that now has more than 117,000 subscribers. In addition, we launched JournalofAccountancy.com, the Web site of the AICPA's flagship publication, which provides professional and regulatory news, in-depth analysis of hot topics and a library of short videos. We also joined social networks to communicate with our members through the latest media channels.

We also continued to invest in technology to improve our services to members. With the launch of our new, more robust Peer Review system in September 2009, we are now able to more efficiently and effectively

administer the Peer Review program. The launch of our new AICPA.org Web site in Fiscal 2010 will not only transform how we communicate with our members, but also add an array of new features designed to help our members get the right information at the right time. Management also preserved more than \$14 million of cash flow by deferring certain spending, almost entirely in non-member-facing areas, to future years.

Finally, despite the economic challenges of the past year, the combined financial results reflect our total operating revenue, which exceeds \$200 million for the second consecutive year. In Fiscal 2009, our voting membership reached a record number – exceeding 342,000 – while also capturing more than 27,000 new members, also a record. In addition, we have more than 3,400 members holding the new Certified in Financial Forensics Credential (created upon the approval of our governing Council in May 2008), far exceeding our expectations.

A detailed account of our broad range of activities is provided in this Annual Report, and it is important to place this Management's Discussion and Analysis in the context of the achievements and challenges experienced during Fiscal 2009.

## REPORT ON OPERATIONS

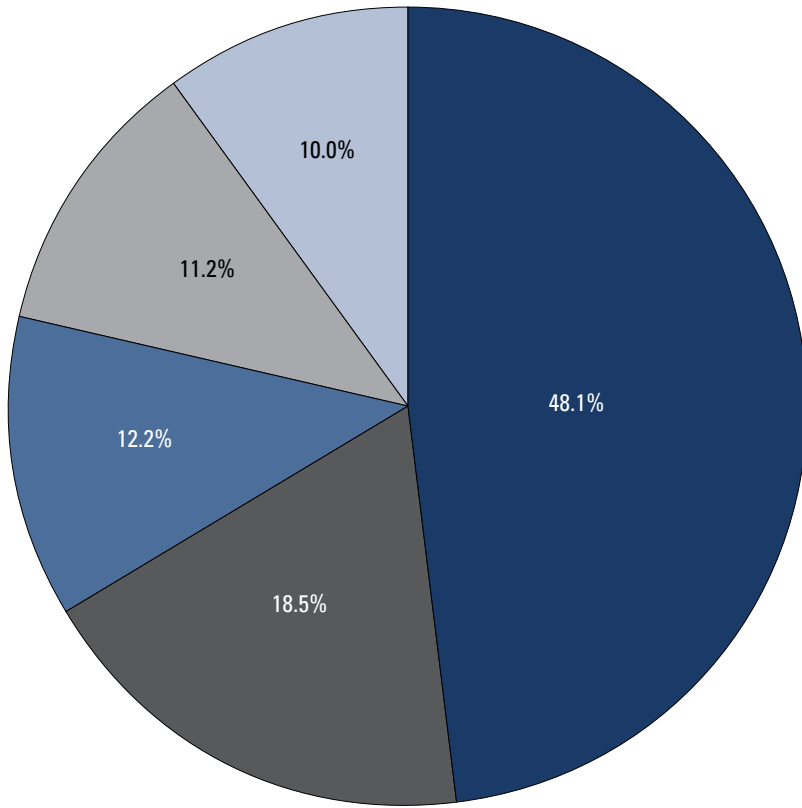
### Marketable Securities

In Fiscal 2009, the AICPA's marketable securities portfolio declined by almost \$10 million from the prior year as a result of continued market volatility. However, the portfolio is well diversified across equity and fixed income securities and did outperform prominent benchmarks such as the Dow Jones Industrial Average and S&P 500 Index during this same time period.

### Computerized CPA Examination

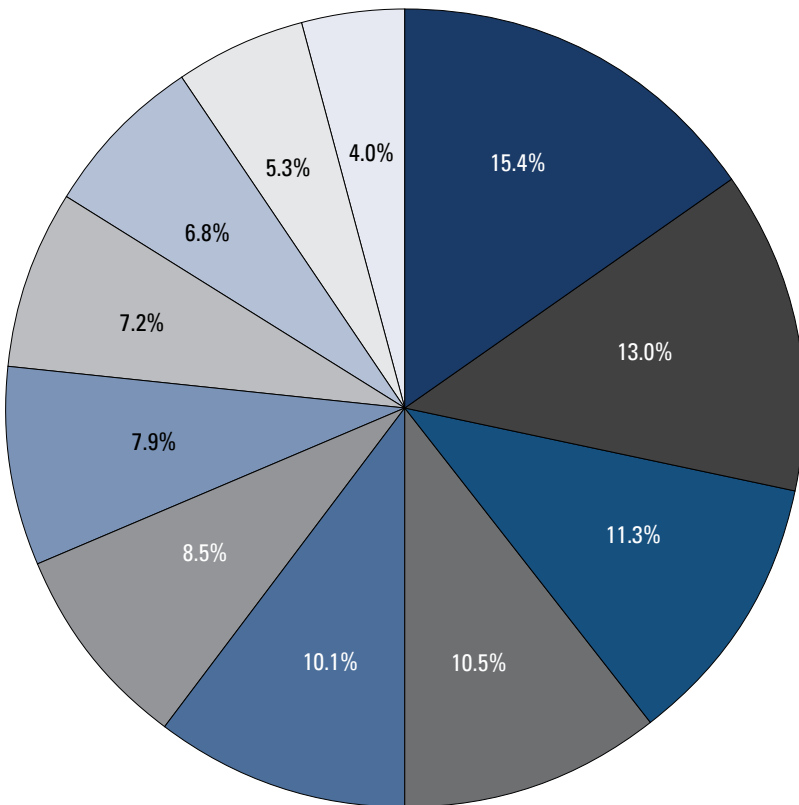
The computerized CPA Examination (Exam) is delivered through a tri-party agreement (Agreement) between NASBA, Prometric and the AICPA. The AICPA accounts for the Exam on a break-even basis over the life of the Agreement. The AICPA had approximately \$40.7 million in net deferred costs associated with the Exam reflected in its Combined Statement of Financial Position at July 31, 2008.

Fiscal 2009 marked the third straight year where the Exam's revenue exceeded expenses, as the AICPA recognized revenue of \$21.5 million and expenses of \$14.1 million. Accordingly, costs equal to the revenue recognized in the current year have been expensed, with the excess of revenue over expenses of \$7.4 million recognized as a reduction of deferred costs. As such, at July 31, 2009, the balance of approximately \$33.3 million of net deferred costs is reflected in the Combined Statement of Financial Position. Moreover, in July 2009, the one millionth Exam section was administered. Since the Exam launched in 2004, the deferred



### Operating Revenue by Activity

● Membership Dues	48.1%
● Professional Development & Member Service Conferences	18.5%
● Publications	12.2%
● Investment & Other Income	11.2%
● Professional Examinations	10.0%



### Operating Expenses by Activity

● Professional Development & Member Service Conferences	15.4%
● Other Financial Charges	13.0%
● Publications	11.3%
● Regulation & Legislation	10.5%
● Professional Examinations	10.1%
● Technology	8.5%
● General Management	7.9%
● Other	7.2%
● Technical	6.8%
● Organization & Membership Development	5.3%
● Communications & Public Relations	4.0%

# Management's Discussion and Analysis

asset balance is more than \$12 million lower than management's projections due to higher candidate volume and lower expenses.

Three main factors affect the recoverability of deferred costs associated with the Exam and are tested annually for impairment: (1) future candidate volume; (2) future price increases; and (3) cost management. Given these factors and the financial performance in Fiscal 2009, the projections continue to reflect the AICPA's belief that the deferred costs associated with the Exam will be fully recovered over the life of the Agreement.

The candidate cost to take the examination is set by each licensing jurisdiction and currently ranges between \$978 and \$1,293, assuming a candidate takes all four parts. The AICPA currently earns \$95 per section or \$380 for a candidate taking all four parts of the examination regardless of the candidate charge set by the licensing jurisdiction. Although price increases are permitted under the terms of the Agreement, no price increase is planned for Fiscal 2010 or 2011.

## Long-term Debt

At July 31, 2008, the Institute had total long-term debt of \$53.2 million, comprising a \$5.7 million interest-free line of credit from Prometric to finance the computerization of the Exam, a \$25 million term loan also used to finance the computerization of the Exam and a \$22.5 million term loan to finance the AICPA's operational relocation to North Carolina.

In Fiscal 2009, the AICPA made principal payments of \$2.9 million under the interest-free line of credit as well as \$5.5 million in principal payments under the two term loans. In advance of the tightening in the credit market, the AICPA refinanced its term loans and combined them into one term loan at an interest rate equivalent to the rate that was in effect on the two term loans. Furthermore, this transaction reduces required principal payments due in Fiscal 2010 and 2011 and extends the repayment period by almost four years. At July 31, 2009, total long-term debt was \$44.9 million.

Management will evaluate opportunities to retire this existing debt sooner than the current maturity dates, as cash flow permits.

## Defined Benefit Plans

In Fiscal 2009, the Institute, like many organizations, endured a volatile financial market, which had a negative impact on the market value of the assets in the Institute's defined benefit pension plan. Combined with a lower discount rate, this volatility resulted in pension and postretirement charges in excess of net periodic cost of \$27.7 million, which has been included in Other Charges in the Statement of Activities. The Institute continues to monitor the market volatility and interest rate environment and its impact on operating results in Fiscal 2010. As the value of the

plan's assets recovers in the future and interest rates stabilize, we will see this financial impact reverse itself over time.

The AICPA did implement a plan freeze effective April 30, 2017, which means that no further benefit accruals will occur after this date. Furthermore, all AICPA employees hired after November 2005 receive a lower pension benefit but a higher employer match under our defined contribution plan. It is important to note that more than 70% of the pension liability is attributable to former employees that have already vested in the plan. Management reviews the design of its defined benefit pension and other postretirement plans on a regular basis to assess opportunities to manage the exposure that market fluctuations may create in regard to our financial situation.

## Relocation to North Carolina

In October 2005, the AICPA's management team submitted a plan that was approved by the AICPA's Board of Directors and Council to relocate a substantial portion of its Jersey City, New Jersey (Jersey City) operations to Durham, North Carolina, in order to manage its cost structure and budget in the most effective way. The implementation of the relocation plan began in August 2006 and was completed by July 2007.

In July 2008, the AICPA executed a partial termination of its Jersey City lease with its landlord for approximately \$9.1 million. Contemporaneous to the termination, the landlord executed a long-term lease with a third party for the space.

Due to current market conditions, management was unable to secure a subtenant for the remaining space during Fiscal 2009. After considering information provided by the AICPA's real estate consultants, management reassessed its estimate of probable costs and the sublease timeline associated with the remaining space, which continues to be actively marketed.

## CPA2Biz

In Fiscal 2009, CPA2Biz's revenue totaled \$17.8 million while generating net income of \$0.4 million, delivering its fifth consecutive year of operating profit. In addition, its next-generation Web site drove high levels of member satisfaction and was again ranked in *Internet Retailer's Guide to Top 500 Retail Web Sites* for the fourth straight year.

In April 2009, CPA2Biz launched its groundbreaking *Intacct Accountants Program* – general ledger and financial applications delivered through a "Software as a Service" (SaaS) cloud computing platform that allows CPAs to work more collaboratively and strategically with their clients. CPA2Biz also continued to enhance its Web-based Trusted Business Advisor Solutions to transform how CPAs deliver client accounting services to clients. Since January 2007, more than 75 Trusted Business Advisor

# Management's Discussion and Analysis

training workshops have been held in conjunction with 35 participating state CPA societies.

In July 2009, a Series A stockholder elected to convert its 5,867,600 shares into an equal number of shares of Common Stock, thereby reducing preferred stock and increasing unrestricted net assets by \$25.0 million, respectively.

## Financial Results

These combined financial statements include the accounts of the AICPA, its subsidiaries CPA2Biz, Inc. and NorthStar Conferences, LLC (NorthStar), and Related Organizations. The AICPA and NorthStar are not responsible for any liabilities or other obligations of CPA2Biz or the Related Organizations included in the combined financial statements. Below are highlights from our combined financial statements as of and for the year ended July 31, 2009:

- *Total assets* on a combined basis were \$230.1 million in Fiscal 2009 compared to \$220.1 million in Fiscal 2008. The increase primarily stems from a higher collection of dues in advance of the Fiscal 2010 dues year resulting from an email campaign and the earlier mailing of printed dues bills. Additionally, pledge agreements for the Foundation's ADS program, which was launched in Fiscal 2008, were executed in Fiscal 2009, resulting in related contributions receivable. These increases are partially offset by lower marketable securities and lower deferred costs for the reasons previously mentioned.
- *Total liabilities* on a combined basis were \$200.0 million in Fiscal 2009 compared to \$173.0 million in Fiscal 2008. The increase is largely attributable to higher collection of dues in advance of the Fiscal 2010 dues year and the additional pension and postretirement expenses recorded, as noted earlier. This is offset primarily by lower long-term debt associated with the principal payments made in Fiscal 2009, as noted earlier.
- *Operating revenue* on a combined basis was \$216.0 million in Fiscal 2009 compared to \$210.3 million in Fiscal 2008. The revenue increase is primarily attributable to higher professional examinations revenue due to higher Exam candidate volume and higher contributions revenue as a result of the Foundation's ADS program. The increase was offset by a decrease in dues revenue as a result of lower Center for Audit Quality (CAQ) revenue stemming from a decision to waive dues for one quarter related to lower CAQ expenses. However, this decline in CAQ dues revenue was offset by higher AICPA membership dues revenue associated with achieving a record number of voting members and new members, as noted earlier. In addition, publications and professional development revenue were lower as a result of declines in advertising and conferences that were challenged by the overall economic decline. Such declines were offset by increases in group study and CPExpress revenue as members migrated to these continuing education options. Investment and sundry income was lower due to declining interest rates.
- *Operating expenses* on a combined basis were \$191.6 million in Fiscal 2009 compared to \$203.2 million in Fiscal 2008. The decrease is primarily due to a decrease in CAQ expenses as Fiscal 2008 included several non-recurring expenses. Additionally, supporting activities declined as a result of lower relocation expenses and reduced spending in conjunction with the cost-containment initiative undertaken by management that preserved more than \$14 million of cash flow, as noted earlier. These expense reductions were offset by higher professional examinations expenses due to higher Exam volume and higher technology expenses as a result of the ongoing development of the new Peer Review system and expenses associated with a planned enhancement and re-launch of AICPA.org in Fiscal 2010.
- *Cash provided by operating activities* was \$38.1 million in Fiscal 2009 compared to \$19.0 million in Fiscal 2008. This change is a result of the higher advance dues and cost-containment initiative in Fiscal 2009. *Cash used in investing activities* was \$10.4 million in Fiscal 2009 compared to \$8.1 million in Fiscal 2008. This change is primarily due to purchases of amortizable assets in Fiscal 2009. *Cash used in financing activities* was \$8.4 million in Fiscal 2009 compared to \$8.0 million in Fiscal 2008. The net cash outflow in Fiscal 2009 was solely attributable to the repayment of long-term debt.

## CONCLUSION

The AICPA will continue to focus on serving the public interest and supporting our members, with a particular focus on the changing economic and professional landscape ahead of us. Expanding on the initiatives outlined above, as well as the multitude of initiatives highlighted throughout this annual report, we will continue to invest in programs that maintain the CPAs' place as the trusted experts who help individuals and organizations navigate challenging times and envision and shape their financial future.

If not for the continued market volatility that had a negative impact on the value of its marketable securities portfolio and led to the recognition of the additional pension expense, the AICPA would have generated an operating profit in Fiscal 2009, driven by the cost-containment initiative outlined earlier.

Management believes that the AICPA has sufficient liquidity and working capital to meet its needs in the upcoming fiscal year, strengthened by the debt refinancing that was executed in Fiscal 2009. Management continues to monitor current economic conditions and their impact on Fiscal 2010 operating results.

# Management's Responsibilities for Financial Statements and Internal Control

## Financial Statements

The financial statements of the American Institute of Certified Public Accountants and Related Organizations (the "Institute") were prepared by management, which is responsible for their reliability and objectivity. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

The Board of Directors, operating through its Audit Committee, which is composed entirely of directors who are not officers or employees of the Institute, provides oversight of the financial reporting process and safeguarding of assets against unauthorized acquisition, use or disposition. The Audit Committee annually recommends the appointment of independent public accountants and submits its recommendation to the Board of Directors, and then to the governing Council, for approval.

The Audit Committee meets with management, the independent public accountants and the internal auditor; approves the overall scope of audit work and related fee arrangements; and reviews audit reports and findings. In addition, the independent public accountants and the internal auditor meet separately with the Audit Committee, without management representatives present, to discuss the results of their audits, the adequacy of the Institute's internal control, the quality of its financial reporting, and the safeguarding of assets against unauthorized acquisition, use or disposition.

The financial statements have been audited by an independent public accounting firm, J.H. Cohn LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the governing Council, the Board of Directors and committees of the Board. The Institute believes that all representations made to the independent public accountants during their audits were valid and appropriate.

The report of the independent public accountants follows this statement.

## Internal Control

The Institute maintains internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition which is designed to provide reasonable assurance to the Institute's management and Board of Directors regarding the preparation of reliable financial statements and the safeguarding of assets. Internal control includes a documented organizational structure, a division of responsibility, and established policies and procedures, including a code of conduct, to foster a strong ethical climate.

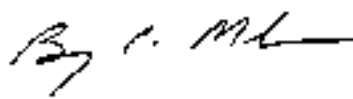
Established policies are communicated throughout the Institute and enhanced through the careful selection, training and development of its staff. Internal auditors monitor the operation of internal control and report findings and recommendations to management and the Board of Directors. Corrective actions are taken, as required, to address control deficiencies and implement improvements.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even the most effective internal control can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control can change with circumstances.

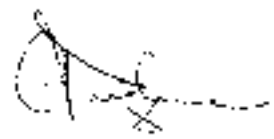
The Institute has assessed its internal control over financial reporting in relation to criteria described in "Internal Control – Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Institute believes that, as of July 31, 2009, its internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition met those criteria.

J.H. Cohn LLP was also engaged to report separately on the Institute's assessment of its internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition.

The report of the independent public accountants follows this statement.



Barry C. Melancon, CPA  
President and CEO



Anthony J. Pugliese, CPA, CITP  
Senior Vice President  
Finance, Membership and Operations

# Reports of Independent Public Accountants

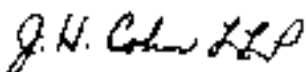
## To the Members of the American Institute of Certified Public Accountants

We have examined management's assertion, included in the accompanying statement of management's responsibilities for financial statements and internal control, that the American Institute of Certified Public Accountants and Related Organizations maintained effective internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition as of July 31, 2009, based on criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management is responsible for maintaining effective internal control over financial reporting and over safeguarding of assets, and against unauthorized acquisition, use or disposition. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition; testing and evaluating the design and operating effectiveness of the internal control; and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion that the American Institute of Certified Public Accountants and Related Organizations maintained effective internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition as of July 31, 2009, is fairly stated, in all material respects, based on criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.



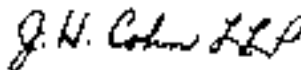
J.H. Cohn LLP  
Roseland, New Jersey  
September 18, 2009

## To the Members of the American Institute of Certified Public Accountants

We have audited the accompanying combined statements of financial position of the American Institute of Certified Public Accountants and Related Organizations as of July 31, 2009 and 2008, and the related combined statements of activities, preferred stock and net assets and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the American Institute of Certified Public Accountants and Related Organizations as of July 31, 2009 and 2008, and the changes in their net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



J.H. Cohn LLP  
Roseland, New Jersey  
September 18, 2009



# Financial Statements

## July 31, 2009 and 2008

AMERICAN INSTITUTE OF CERTIFIED PUBLIC  
ACCOUNTANTS AND RELATED ORGANIZATIONS

COMBINED STATEMENTS OF FINANCIAL POSITION  
JULY 31,

	<u>2009</u>	<u>2008</u>
	(\$000)	
<b>ASSETS:</b>		
Cash and cash equivalents .....	<b>\$ 42,607</b>	\$ 23,282
Marketable securities .....	<b>89,868</b>	99,701
Accounts and notes receivable (less an allowance for doubtful accounts: 2009, \$2,418; 2008, \$2,550) .....	<b>12,444</b>	12,976
Contributions receivable (net of discount) .....	<b>6,365</b>	465
Deferred costs and prepaid expenses .....	<b>48,048</b>	51,403
Goodwill and other intangible assets .....	<b>12,553</b>	12,553
Furniture, technology and leasehold improvements, net .....	<b>18,209</b>	19,690
	<u><b>\$ 230,094</b></u>	<u>\$ 220,070</u>
Totals .....		
<b>LIABILITIES:</b>		
Accounts payable and other liabilities .....	<b>\$ 23,327</b>	\$ 26,244
Accrued relocation expenses .....	<b>7,562</b>	9,198
Advance dues .....	<b>63,368</b>	47,370
Unearned revenue .....	<b>10,276</b>	11,759
Long-term debt .....	<b>44,857</b>	53,214
Deferred rent .....	<b>13,643</b>	13,886
Deferred employee benefits .....	<b>36,933</b>	11,332
Total liabilities .....	<u><b>199,966</b></u>	<u>173,003</u>
<b>PREFERRED STOCK AND NET ASSETS:</b>		
Preferred stock of C2B .....	<u><b>58,657</b></u>	83,657
Net assets:		
Unrestricted:		
AICPA and related organizations .....	<b>15,050</b>	38,172
C2B .....	<b>(52,737)</b>	(77,131)
Total unrestricted .....	<u><b>(37,687)</b></u>	(38,959)
Temporarily restricted .....	<b>8,510</b>	1,721
Permanently restricted .....	<b>648</b>	648
Total net assets .....	<u><b>(28,529)</b></u>	(36,590)
Total preferred stock and net assets .....	<u><b>30,128</b></u>	47,067
Totals .....	<u><b>\$ 230,094</b></u>	<u>\$ 220,070</u>

The accompanying notes to financial statements are an integral part of these statements.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC  
ACCOUNTANTS AND RELATED ORGANIZATIONS

COMBINED STATEMENTS OF ACTIVITIES  
YEARS ENDED JULY 31,

	<u>2009</u>	<u>2008</u>
	(\$000)	
<b>CHANGES IN NET ASSETS:</b>		
Operating revenue:		
Dues .....	<b>\$ 103,879</b>	\$ 105,376
Publications .....	<b>26,376</b>	27,629
Professional development and member service conferences .....	<b>39,951</b>	40,969
Investment and sundry income .....	<b>15,631</b>	17,107
Professional examinations .....	<b>21,618</b>	16,606
Contributions .....	<b>8,530</b>	2,638
Total operating revenue .....	<b><u>215,985</u></b>	<u>210,325</u>
Operating expenses:		
Program services:		
Publications .....	<b>24,167</b>	26,085
Professional development and member service conferences .....	<b>33,960</b>	34,732
Member services:		
Regulation and legislation .....	<b>23,138</b>	29,270
Technical .....	<b>14,873</b>	14,838
Publications .....	<b>611</b>	1,339
Other .....	<b>10,508</b>	10,341
Professional examinations .....	<b>22,277</b>	16,860
Communications and public relations .....	<b>9,117</b>	10,750
Support and scholarships .....	<b>4,710</b>	4,818
Assistance programs .....	<b>529</b>	729
Supporting activities:		
General management .....	<b>15,811</b>	17,837
Organization and membership development .....	<b>11,590</b>	10,732
Technology .....	<b>18,742</b>	17,778
Relocation .....	<b>1,535</b>	7,099
Total operating expenses .....	<b><u>191,568</u></b>	<u>203,208</u>
Excess of operating revenue over expenses before other charges .....	<b><u>24,417</u></b>	<u>7,117</u>
Other charges:		
Pension and postretirement charges in excess of net periodic cost .....	<b>(27,730)</b>	(754)
Interest expense incurred on derivative financial instruments .....	<b>(805)</b>	(1,495)
Totals .....	<b><u>(28,535)</u></b>	<u>(2,249)</u>
Excess (deficiency) of operating revenue over expenses .....	<b><u>(4,118)</u></b>	<u>4,868</u>
Gains (losses) on marketable securities:		
Realized .....	<b>(2,898)</b>	6,580
Unrealized .....	<b>(9,923)</b>	(12,963)
Totals .....	<b><u>(12,821)</u></b>	<u>(6,383)</u>
Change in net assets before minority interest .....	<b>(16,939)</b>	(1,515)
Minority interest .....	<u>          </u>	<u>48</u>
Change in net assets .....	<b>(16,939)</b>	(1,467)
Net assets, beginning of year .....	<b>(36,590)</b>	(38,820)
Conversion of preferred stock into common stock .....	<b>25,000</b>	3,697
Net assets, end of year .....	<b><u>\$ (28,529)</u></b>	<u>\$ (36,590)</u>

The accompanying notes to financial statements are an integral part of these statements.

		(\$000)	
	<u>AICPA and Related Organizations</u>	<u>C2B</u>	<u>TOTAL</u>
<b>2009:</b>			
Preferred stock .....		<b>\$ 58,657</b>	<b>\$ 58,657</b>
Net assets:			
Unrestricted .....	<b>\$ 15,050</b>	<b>(52,737)</b>	<b>(37,687)</b>
Temporarily restricted .....	<b>8,510</b>		<b>8,510</b>
Permanently restricted .....	<b>648</b>		<b>648</b>
Total net assets .....	<b><u>24,208</u></b>	<b><u>(52,737)</u></b>	<b><u>(28,529)</u></b>
Totals .....	<b><u>\$ 24,208</u></b>	<b><u>\$ 5,920</u></b>	<b><u>\$ 30,128</u></b>
<b>2008:</b>			
Preferred stock .....		<b>\$ 83,657</b>	<b>\$ 83,657</b>
Net assets:			
Unrestricted .....	\$ 38,172	(77,131)	(38,959)
Temporarily restricted .....	1,721		1,721
Permanently restricted .....	648		648
Total net assets .....	<b><u>40,541</u></b>	<b><u>(77,131)</u></b>	<b><u>(36,590)</u></b>
Totals .....	<b><u>\$ 40,541</u></b>	<b><u>\$ 6,526</u></b>	<b><u>\$ 47,067</u></b>

The accompanying notes to financial statements are an integral part of these statements.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC  
ACCOUNTANTS AND RELATED ORGANIZATIONS

COMBINED STATEMENTS OF CASH FLOWS  
YEARS ENDED JULY 31,

	<u>2009</u>	<u>2008</u>
		(\$000)
<b>Increase (decrease) in cash:</b>		
Operating activities:		
Cash received from members and customers . . . . .	<b>\$ 221,962</b>	\$ 223,430
Interest and dividends received . . . . .	<b>2,617</b>	3,912
Cash paid to suppliers, employees and others . . . . .	<b>(182,562)</b>	(204,012)
Interest paid . . . . .	<b>(2,677)</b>	(3,164)
Income taxes paid . . . . .	<b>(1,280)</b>	(1,150)
Net cash provided by operating activities . . . . .	<b><u>38,060</u></b>	<u>19,016</u>
Investing activities:		
Payments for purchase of amortizable assets . . . . .	<b>(4,701)</b>	(2,943)
Payments for purchase of furniture and technology . . . . .	<b>(2,689)</b>	(2,675)
Payments for purchase of marketable securities . . . . .	<b>(18,576)</b>	(59,377)
Proceeds from sale of marketable securities . . . . .	<b>15,588</b>	56,891
Net cash used in investing activities . . . . .	<b><u>(10,378)</u></b>	<u>(8,104)</u>
Financing activities – repayment of long-term debt . . . . .	<b><u>(8,357)</u></b>	<u>(8,009)</u>
Net increase in cash and cash equivalents . . . . .	<b>19,325</b>	2,903
Cash and cash equivalents, beginning of year . . . . .	<b><u>23,282</u></b>	<u>20,379</u>
Cash and cash equivalents, end of year . . . . .	<b><u>\$ 42,607</u></b>	<u>\$ 23,282</u>

AMERICAN INSTITUTE OF CERTIFIED PUBLIC  
ACCOUNTANTS AND RELATED ORGANIZATIONS

COMBINED STATEMENTS OF CASH FLOWS  
YEARS ENDED JULY 31,

	<u>2009</u>	<u>2008</u>
	(\$000)	
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets . . . . .	<b>\$ (16,939)</b>	<u>\$ (1,467)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization:		
Furniture, technology and leasehold improvements . . . . .	<b>4,167</b>	3,870
Internal software . . . . .	<b>1,930</b>	3,106
Impairment of other intangible assets . . . . .		1,783
Loss on disposal of furniture, technology, leasehold improvements and software . . . . .	<b>3</b>	51
(Gain) loss on sale of marketable securities . . . . .	<b>2,898</b>	(6,580)
Amortization of unearned revenue . . . . .	<b>(517)</b>	(526)
Unrealized loss on marketable securities . . . . .	<b>9,923</b>	12,963
Minority interest . . . . .		(48)
Provision for:		
Losses on accounts and notes receivable . . . . .	<b>(131)</b>	370
Discount on contributions receivable . . . . .	<b>493</b>	125
Accrued relocation expenses . . . . .	<b>1,535</b>	7,099
Deferred rent . . . . .	<b>(243)</b>	(178)
Deferred employee benefits . . . . .	<b>28,843</b>	2,263
Changes in operating assets and liabilities:		
Accounts and notes receivable . . . . .	<b>663</b>	(1,103)
Contributions receivable . . . . .	<b>(6,393)</b>	(590)
Deferred costs and prepaid expenses . . . . .	<b>7,397</b>	4,987
Accounts payable and other liabilities . . . . .	<b>(4,188)</b>	(3,512)
Accrued relocation expenses . . . . .	<b>(3,171)</b>	(18,001)
Advance dues . . . . .	<b>15,998</b>	17,558
Unearned revenue . . . . .	<b>(966)</b>	1,887
Deferred employee benefits . . . . .	<b>(3,242)</b>	(5,041)
Total adjustments . . . . .	<b><u>54,999</u></b>	<u>20,483</u>
Net cash provided by operating activities . . . . .	<b><u>\$ 38,060</u></b>	<u>\$19,016</u>
Supplemental disclosures of noncash operating and investing activities:		
Furniture, technology, leasehold improvements and internal software . . . . .	<b><u>\$ 1,271</u></b>	<u>\$ 638</u>

The accompanying notes to financial statements are an integral part of these statements.

# Notes to Combined Financial Statements

## July 31, 2009 and 2008

### 1. ORGANIZATION

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The financial statements include the accounts of the American Institute of Certified Public Accountants (AICPA), its for-profit subsidiaries, CPA2Biz, Inc. (C2B) and NorthStar Conferences LLC (NorthStar), (collectively AICPA and Subsidiaries), and the following related organizations: the Accounting Research Association, Inc. (ARA); the AICPA Benevolent Fund, Inc. (Benevolent Fund); and the American Institute of Certified Public Accountants Foundation (Foundation), which have been combined in accordance with Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations* (SOP 94-3). The AICPA, the ARA and the Foundation are incorporated in the District of Columbia, C2B and NorthStar are incorporated in Delaware and the Benevolent Fund is incorporated in New York. As used herein, the "Institute" includes the AICPA and Subsidiaries and the related organizations.

The AICPA is the national professional organization for Certified Public Accountants. It provides members with the resources, information and leadership that enable them to provide services in the highest professional manner. C2B is the exclusive online and offline marketing agent for certain products and services of the AICPA and for maintaining the official Web site for the sale of AICPA products (see Note 10). NorthStar provides professional development programs and conferences for various industries. The mission of the ARA is to provide funds for studies and research in regard to principles and standards of the accounting profession (see Note 12). The Benevolent Fund provides temporary financial assistance to members of the AICPA and their families. The Foundation advances the science of accountancy and accounting education by funding a number of activities, including the promotion of diversity within the accounting profession.

The AICPA and State Societies Network, Inc., composed of substantially all of the individual state societies of CPAs located throughout the United States, are equal percentage members of Shared Services, LLC (SLLC), a Delaware limited liability company, organized for the purpose of managing shared services between the AICPA and participating state societies. The AICPA accounts for its 50% investment in SLLC on the equity method although the investment remains at zero as of July 31, 2009. SLLC maintains a limited amount of activity, principally group buying power on certain products and services for the benefit of the AICPA and participating state societies. SLLC's Board of Directors continues to explore additional opportunities to fulfill its mission.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### **Basis of presentation:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

All significant intercompany accounts and transactions have been eliminated in combination.

Financial statement presentation follows the recommendations of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117). Under SFAS No. 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

In August 2008, the Financial Accounting Standards Board issued Staff Position (FSP) FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FAS 117-1). FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FAS 117-1 also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

As stated in Note 1, the Foundation is incorporated in the District of Columbia. The District of Columbia adopted UPMIFA effective in 2008. The Foundation has adopted FAS 117-1 for the year ended July 31, 2009. The Foundation's Board of Directors has determined that the majority of the net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to the Constitution and Bylaws of the AICPA Foundation. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Under the terms of the Constitution and Bylaws, the Board of Directors has the ability to distribute so much of the corpus of any trust or

separate gift, devise, bequest or fund as the Board of Directors in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes and are not subject to donor-imposed stipulations.

Temporarily restricted net assets consist of restricted contributions receivable and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Such permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Institute records related party transactions in accordance with Statement of Financial Accounting Standards No. 57, *Related Party Disclosures*.

Certain accounts in the 2008 financial statements have been reclassified to conform with the current year's presentation.

#### **Valuation of assets and liabilities:**

The Institute considers investments with an original maturity of three months or less when purchased to be cash equivalents. As of July 31, 2009 and 2008, the Institute's cash equivalents consisted primarily of short-term U.S. Treasury obligations and money market funds.

Investments in equity securities with readily determinable fair values and all investments in debt securities and investment partnerships are reported at fair value with unrealized gains and losses included in the statement of activities. The investment partnership represents ownership in a private investment partnership that trades foreign equity securities.

The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value because

of the short-term nature of the items. The fair value of marketable securities is determined by quoted market prices. The fair value of long-term debt is based on current interest rates for similar debt instruments. The fair value of derivative instruments is based on current settlement value.

Notes and mortgages received by the Benevolent Fund in connection with assistance payments to members and their families are recorded as assets, net of amounts deemed uncollectible.

Inventories consist of paper and material stock, publications in process and printed publications and course material and are stated at the lower of cost or market. A moving average method is used for determining inventory cost. Inventories are reflected as a component of deferred costs and prepaid expenses in the accompanying statement of financial position.

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business acquisitions accounted for under the purchase accounting method, attributable to acquisitions made by C2B. Other intangibles include identifiable intangible assets purchased by C2B, primarily in connection with business acquisitions. Intangibles with a definite life are presented net of related accumulated amortization and impairment charges and are being amortized over five years. Goodwill and indefinite-lived intangibles are accounted for under a non-amortization approach and are evaluated annually for impairment pursuant to Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142) (see Note 6).

The Institute records impairment losses on goodwill and other intangible assets when events and circumstances indicate that such assets might be impaired and the estimated fair value of the asset is less than its recorded amount. Conditions that would necessitate an impairment assessment include material adverse changes in operations; significant adverse differences in actual results in comparison with initial valuation forecasts prepared at the time of acquisition; a decision to abandon acquired products, services or technologies; or other significant adverse changes that would indicate the carrying amount of the recorded asset might not be recoverable.

Furniture, technology and leasehold improvements are stated at cost, less accumulated depreciation or amortization computed on the straight-line method. Furniture and technology are depreciated over their estimated useful lives of three to ten years. Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

**Concentrations of credit risk:**

Financial instruments, which potentially subject the Institute to concentrations of credit risk, include cash and cash equivalents, marketable securities, trade receivables and derivative financial instruments used in hedging activities. At times, the Institute's cash exceeds the current insured amount under the Federal Deposit Insurance Corporation (FDIC). The Institute places its cash equivalents in Sweep Investment Accounts (Sweep Account) collateralized by U.S. Government securities and are not insured nor guaranteed by the FDIC. As of July 31, 2009 and 2008, the balance in the Sweep Account was \$0 and \$16,900,000. As of July 31, 2009, cash and cash equivalents included a certificate of deposit in the amount of \$566,000 and a bank operating account with a balance of \$556,000 utilized to segregate temporarily restricted cash for the Accounting Doctoral Scholars program (see Note 11). The Institute holds bonds and notes issued by the United States Government and financially strong corporations. By policy, these investments are kept within limits designed to prevent risks caused by concentration.

Credit risk with respect to trade receivables is also limited because the Institute deals with a large number of customers in a wide geographic area. The Institute closely monitors the extension of credit to its customers while maintaining allowances for potential credit losses. On a periodic basis, the Institute evaluates its trade receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit considerations.

The Institute is exposed to loss in the event of nonperformance by the counterparty on the interest rate swap contract used in hedging activities. The counterparty is a large financial institution and the Institute does not anticipate nonperformance by the counterparty. Consequently, as of July 31, 2009, the Institute has no significant concentrations of credit risk.

**Fair value measurements:**

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS No. 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In early 2008, the Financial Accounting Standards Board issued FSP FAS-157-2, *Effective Date of FASB Statement No. 157*, which delays by one year, the effective date of SFAS No. 157 for certain nonfinancial assets and nonfinancial liabilities. The Institute has adopted the portion of SFAS No. 157 that has not been delayed as of the beginning of its 2009 fiscal year and plans to adopt the balance of its provisions as of the beginning of its 2010 fiscal year.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115* (SFAS No. 159). Under SFAS No. 159, an organization may choose, at specified election dates, to measure eligible items at fair value and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Effective August 1, 2008, the Institute adopted SFAS No. 159, but the Institute has not elected the fair value option for any eligible financial instruments as of July 31, 2009.

**Derivative financial instruments:**

The Institute utilizes derivative financial instruments to reduce interest rate risk. The Institute does not hold or issue derivative financial instruments for trading purposes. Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), establishes accounting and reporting standards for derivative instruments and hedging activities. As required by SFAS No. 133, the Institute recognizes all derivatives as either assets or liabilities in the statement of financial position and measures those instruments at fair value. Changes in the fair value of those instruments are reported in the statement of activities.

**Revenue recognition:**

Revenue from dues is recorded in the applicable membership period.

Revenue from publications, professional development and member service conferences and professional examinations is recognized when goods are shipped to customers or services are rendered.

Revenue from subscriptions is deferred and recognized on the straight-line method over the term of the subscriptions, which is primarily for one year.

Revenue related to affinity contracts is recognized when earned, in accordance with the respective agreements.

Advertising revenue is recorded as publications are issued.

Revenue is recognized net of any related sales taxes.

The AICPA entered into a third-party agreement that provides for the AICPA to break even with regard to certain external and internal costs incurred in developing, maintaining and providing the computerized Uniform CPA Examination (Examination). Accordingly, such costs have been deferred and are reflected in the accompanying statement of financial position net of revenue recognized (see Note 8).



Contributions are recorded as unrestricted, temporarily restricted or permanently restricted when received depending on the existence and/or nature of any donor restrictions. Donated marketable securities are recorded as contributions at their estimated fair values on the date of donation. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

A large number of people have contributed significant amounts of time to the activities of the Institute. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*.

#### **Promotions and advertising:**

Costs of promotions and advertising are expensed as incurred. Total promotion and advertising expenses were \$6,678,000 and \$8,424,000 for the years ended July 31, 2009 and 2008.

#### **Accounting for Web site and software development costs:**

The Institute accounts for its Web site development costs in accordance with Emerging Issues Task Force Issue No. 00-2, *Accounting for Web Site Development Costs* and Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use* (SOP 98-1). All costs incurred in the planning stage of developing a Web site are expensed as incurred as are internal and external training costs and maintenance costs. Fees incurred to Internet service providers in return for hosting a Web site on their servers are expensed over the period of benefit.

Fees paid to consulting firms that develop computer systems and software used for the Institute's internal reporting and management functions are deferred and amortized on the straight-line method over a three- to five-year period that begins when the system becomes operational.

External and internal costs, excluding general and administrative costs and overhead costs, incurred during the application development stage of internal use Web site software are capitalized. Such costs include external direct costs of materials and services consumed in developing

or obtaining Web site software, payroll and payroll-related costs for employees who are directly associated with and who devote time to developing Web site software, and interest costs incurred while developing Web site software. Upgrades and enhancements that result in additional functionality to the Web site software, which enable it to perform tasks that it was previously incapable of performing, are also capitalized.

Capitalized internal use Web site development costs are amortized on the straight-line method over its estimated useful life of three years and begins when all substantial testing of the Web site is completed and the Web site is ready for its intended use.

The AICPA accounts for other computer software developed for internal use in accordance with SOP 98-1. All costs in the preliminary project stage are expensed as incurred. Internal and external costs, excluding general and administrative costs, incurred during the application development stage are capitalized. Upgrades and enhancements that result in additional functionality to existing software, which enable it to perform tasks that it was previously incapable of performing, are also capitalized.

#### **Exit and disposal activities:**

The Institute accounts for its exit and disposal activities in accordance with Statement of Financial Accounting Standards No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS No. 146). SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than the date an entity commits to an exit plan and also establishes that fair value is the objective for initial measurement of the liability.

#### **Income taxes:**

The AICPA and ARA are organized as 501(c)(6) not-for-profit organizations under the Internal Revenue Code (Code). Certain income of the AICPA, however, is subject to taxation. The Benevolent Fund and Foundation are organized as 501(c)(3) not-for-profit organizations under the Code. C2B and NorthStar are organized as for-profit entities. NorthStar, however, is organized as a single member LLC. As a single member LLC, any taxable income or loss of the LLC is passed on to the member and taxable in accordance with the member's tax status. Accordingly, NorthStar's unrelated business income will be incorporated into the unrelated business income of the AICPA.

C2B accounts for income taxes pursuant to the asset and liability method, which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable

to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

In June 2006, Financial Accounting Standards Board Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes – An Interpretation of SFAS No. 109*, was issued. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* (SFAS No. 109). FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FSP FIN 48-3 deferred adoption for most nonpublic enterprises to annual periods beginning after December 15, 2008. Many not-for-profit entities have not previously applied the provisions of SFAS No. 109 and, during the deferral period, the Financial Accounting Standards Board plans to issue guidance on how to apply the provisions of FIN 48 to these entities. The Institute, pursuant to the FSP, has elected to defer its application until its required effective date of August 1, 2009. Management does not believe the adoption of FIN 48 will have a material effect on the financial condition or the results of operations of the Institute.

#### Stock-based compensation:

Effective August 1, 2002, C2B adopted the preferable fair value recognition provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS No. 123).

Using the modified prospective method, C2B applies the fair value method to both (a) awards granted, modified or settled in that year and under the fair value method; and (b) the unvested portion of previously issued awards and unvested variable awards. Effective July 1, 2006, C2B adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123(R)).

#### Employee benefit plans:

The Institute adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)* (SFAS No. 158), which became effective for fiscal years ending after June 15, 2007. SFAS No. 158 requires an employer that sponsors a defined benefit pension or postretirement plan to report the funded status of each plan in its statement of financial

position and to include enhanced disclosures about each plan in its notes to the financial statements.

In addition, SFAS No. 158 requires the measurement of plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position for fiscal years ending after December 15, 2008.

For the year ended July 31, 2009, the Institute early adopted the provisions of FSP 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets*, which is effective for fiscal years ending after December 15, 2009.

#### Subsequent events:

The Institute has evaluated events and transactions for potential recognition or disclosure through September 18, 2009, which is the date the financial statements were available to be issued.

### 3. MARKETABLE SECURITIES

Marketable securities consist of:

	<u>2009</u>	<u>2008</u>
		(\$000)
Equity securities	<b>\$ 55,486</b>	\$ 32,151
Fixed income securities	<b>27,569</b>	60,833
Limited partnership	<b>6,813</b>	6,717
Total fair value	<b>89,868</b>	99,701
Unrealized losses	<b>(15,409)</b>	(5,486)
Total cost	<b><u>\$105,277</u></b>	<u>\$ 105,187</u>

Investment income (loss) consists of:

	<u>2009</u>	<u>2008</u>
		(\$000)
Dividends and interest	<b>\$ 2,557</b>	\$ 3,620
Realized gains (losses)	<b>(2,898)</b>	6,580
Unrealized losses	<b>(9,923)</b>	(12,963)
	<b><u>\$ (10,264)</u></b>	<u>\$ (2,763)</u>

#### 4. FAIR VALUE MEASUREMENTS

As stated in Note 2, on August 1, 2008, the Institute adopted the methods of fair value as described in SFAS No. 157 to value its financial assets and liabilities. As defined in SFAS No. 157, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, SFAS No. 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

**Level 1:** Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

**Level 2:** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

**Level 3:** Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Institute utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets and liabilities carried at fair value at July 31, 2009, are classified in the table below in one of the three categories described above:

#### Fair Value Measurements Using

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2) (\$000)	Total
<b>Equity securities:</b>			
U.S. Large-Cap Growth	\$ 8,622		\$ 8,622
U.S. Large-Cap Value	12,293		12,293
U.S. Mid-Cap Growth	5,178		5,178
U.S. Mid-Cap Value	4,433		4,433
U.S. Small-Cap Core	8,795		8,795
International Value	12,085		12,085
Real estate	4,080		4,080
<b>Fixed income securities:</b>			
U.S. Government, corporate bonds – long-term	26,513		26,513
U.S. Government, corporate bonds and other fixed income	1,056		1,056
<b>Limited partnership:</b>			
International Core	–	\$ 6,813	6,813
Total assets measured at fair value	<u>\$ 83,055</u>	<u>\$ 6,813</u>	<u>\$ 89,868</u>
<b>Financial derivative instruments:</b>			
Interest rate swap	\$ –	\$ 2,206	\$ 2,206
Total liabilities measured at fair value	<u>\$ –</u>	<u>\$ 2,206</u>	<u>\$ 2,206</u>

Investments in equity securities and fixed income securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Investment in limited partnership is designated as a Level 2 instrument and valuations are obtained from readily available pricing sources for comparable instruments.

To estimate the fair value of the interest rate swap liability as of the measurement date, the Institute obtains inputs other than quoted prices that are observable for the liability. These inputs include current interest rates and consider nonperformance risk of the Institute and that of its counterparties.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Assets and liabilities measured at fair value on a recurring basis were presented on the Institute's statement of financial position as of July 31, 2009, as follows:

	<u>Level 1</u>	<u>Level 2</u> (\$000)	<u>Total</u>
Marketable securities	<u>\$ 83,055</u>	<u>\$ 6,813</u>	<u>\$ 89,868</u>
Accounts payable and other liabilities	<u>\$ —</u>	<u>\$ 2,206</u>	<u>\$ 2,206</u>

## 5. FURNITURE, TECHNOLOGY AND LEASEHOLD IMPROVEMENTS

Furniture, technology and leasehold improvements consist of:

	<u>2009</u>	<u>2008</u>
	(\$000)	
Furniture	<u>\$ 4,650</u>	\$ 4,757
Technology	<u>19,131</u>	17,842
Leasehold improvements	<u>13,190</u>	<u>11,799</u>
	<u>36,971</u>	34,398
Less accumulated depreciation and amortization	<u>18,762</u>	<u>14,708</u>
	<u>\$18,209</u>	<u>\$19,690</u>

## 6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets are as follows:

	<u>2009</u>	<u>2008</u>
	(\$000)	
Goodwill	<u>\$ 12,553</u>	<u>\$ 12,553</u>
Other intangible assets:		
Trade name	<u>—</u>	<u>—</u>
Contracts and technology	<u>5,645</u>	5,645
Less accumulated amortization	<u>5,645</u>	<u>5,645</u>
Contracts and technology, net	<u>—</u>	<u>—</u>
	<u>\$ 12,553</u>	<u>\$ 12,553</u>

There was no amortization expense on intangible assets with definite lives for the years ended July 31, 2009 and 2008.

The Institute performs an annual impairment test of goodwill and other intangible assets in the fourth quarter of each year. Fair value is estimated using the expected present value of future cash flows. Goodwill was not impaired for the years ended July 31, 2009 and 2008. For the year ended July 31, 2008, the trade name, included in other intangible assets, was deemed to be impaired as it was no longer being used. A corresponding impairment charge of \$1,783,000 was recorded and is reflected as a component of general management expenses in the statement of activities.

## 7. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2009</u>	<u>2008</u>
	(\$000)	
AICPA (A)	<u>\$ 2,857</u>	\$ 5,714
AICPA (B)	<u>—</u>	25,000
AICPA (C)	<u>—</u>	22,500
AICPA (D)	<u>42,000</u>	<u>—</u>
	<u>\$ 44,857</u>	<u>\$ 53,214</u>

- (A) Noninterest bearing note payable to Prometric, Inc. (Prometric – see Note 8).
- (B) Term note payable in 11 consecutive quarterly installments of \$2,083,333 commencing on October 31, 2009, and a final payment of \$2,083,337 due at maturity on July 30, 2012. Interest is payable at LIBOR plus 55 basis points. The AICPA refinanced this note into Note (D), described below, on April 30, 2009.
- (C) Term note payable in quarterly installments commencing on January 23, 2008, in a payment of \$2,750,000 and subsequent quarterly payments of \$1,375,000, with a final payment of \$500,000 due at maturity on October 23, 2012. Proceeds of the note were used to finance the relocation of certain operations to Durham, North Carolina (see Note 14). Interest is payable at LIBOR plus 55 basis points. The AICPA refinanced this note into Note (D), described below, on April 30, 2009.
- (D) Term note payable in 27 consecutive quarterly installments commencing October 30, 2009, payable as follows: \$1,000,000 for the first three quarters ending April 30, 2010; \$2,250,000 for the following eight quarters ending April 30, 2012; and \$1,250,000 for the remaining sixteen quarters ending April 29, 2016. Interest is payable at LIBOR plus 155 basis points.

The term note of \$42,000,000 is collateralized by certain marketable securities, which may not fall below 125% of the sum of the outstanding principal balance of the term note at any time. At July 31, 2009, the collateral had a market value of \$75,700,000. The guarantor of the term note is NorthStar.

Interest expense for the years ended July 31, 2009 and 2008 was \$3,354,000 and \$4,429,000.

Based on borrowing rates currently available, the fair value of long-term debt at July 31, 2009 and 2008 approximates \$44,763,000 and \$52,900,000.

Principal amounts due under the above obligations in each of the five years subsequent to July 31, 2009, and thereafter are as follows:

Year Ending July 31,	Amount (\$000)
2010	\$ 5,250
2011	10,679
2012	10,178
2013	5,000
2014	5,000
Years subsequent to 2014	<u>8,750</u>
	<u>\$44,857</u>

As noted in (B) and (C) above, the AICPA refinanced its two term loans into one new term loan. In connection therewith, the previous interest rate swap and collar was rolled over into a new interest rate swap. There was no realized obligation associated with this transaction. The new interest rate swap contract expires on April 30, 2016, and was executed to reduce the impact on interest expense fluctuations on the \$42,000,000 notional amount of its variable rate debt. The contract, designated as a cash flow hedge, effectively converted the variable rate to a fixed rate of 5.77%. At July 31, 2009, the fair value of the interest rate swap was a liability of approximately \$2,206,000 and at July 31, 2008, the fair value of the interest rate swap and collar were a liability of approximately \$704,000 and \$697,000 and have been reflected as a component of accounts payable and other liabilities as of July 31, 2009 and 2008 in the statements of financial position. The corresponding adjustment to interest expense is reflected separately as a component of other charges in the statements of activities.

## 8. COMMITMENTS AND CONTINGENCIES

### Computerization of the Uniform CPA Examination:

In connection with the Examination, the AICPA is party to an agreement with the National Association of State Boards of Accountancy (NASBA) and Prometric. Pursuant to the agreement, the AICPA delivered the Examination in a computer-based format in April 2004. NASBA developed and maintains the National Candidate Database, which serves as the gateway for candidates applying to take the Examination. Prometric is responsible for providing scheduling, test preparation, test delivery and results processing of the Examination in a computer-based testing environment consistent with AICPA and NASBA requirements.

The AICPA receives fees through NASBA based upon the number of examinations taken. The agreement provides for the AICPA to “break even” with regard to costs incurred in developing and maintaining the Examination. Through July 31, 2009, approximately \$66,697,000 of revenue and \$99,987,000 of costs have been incurred. During the years ended July 31, 2009 and 2008, the AICPA recognized revenue of approximately \$21,562,000 and \$16,520,000. Accordingly, costs equal to the revenue recognized have been expensed. At July 31, 2009 and 2008, the balances of \$33,290,000 and \$40,714,000 are included in deferred costs and prepaid expenses in the accompanying statements of financial position.

Prometric has provided the AICPA with a \$10,000,000 interest-free line of credit to facilitate the conversion of the Examination from a paper-based to a computer-based format. Beginning with the commencement of the computerized Examination, the AICPA is required to repay the

borrowings in annual principal payments equal to \$4.00 per test section administered by Prometric but not less than one-seventh of the amount borrowed as of the date of the commencement of the computerized Examination. The initial term of the agreement is seven years from the date of commencement; however, such term can be extended through 2014 based upon certain performance criteria.

The candidate volume is estimated approximately two years in advance. Prometric uses a tier-based volume pricing schedule to determine its fee to provide the Examination. If the estimated volume is greater than the actual volume, the AICPA is required to pay Prometric an additional fee. If the actual volume is greater than the estimated volume, Prometric is required to reimburse the AICPA. Any net amounts paid or received by the AICPA affect future fee determinations under the “break even” provisions of the agreement. For the years ended July 31, 2009 and 2008, the AICPA received \$2,274,000 and \$1,595,000 from Prometric, which is included as a reduction in deferred costs and prepaid expenses in the accompanying statements of financial position.

**Lease commitments:**

The Institute has several long-term leases for the rental of real estate. The leases include provisions for the abatement of rental payments, amounts to be paid to the Institute by the landlords, as well as scheduled base rent increases over the respective lease terms.

The total amount of the base rent payments, net of the amounts to be paid to the Institute by the landlords, is being charged to expense using the straight-line method over the respective lease terms.

Minimum rental commitments on noncancelable real estate and equipment leases in effect as of July 31, 2009, exclusive of future escalations for real estate taxes and building operating expenses, less future minimum sublease rentals, are:

Year Ending July 31, _____	Amount (\$000)
2010	\$ 10,290
2011	10,374
2012	9,538
2013	6,044
2014	6,000
Years subsequent to 2014	<u>32,074</u>
	74,320
Less future minimum sublease rentals (A)	<u>4,509</u>
Net future minimum rental commitments	<u>\$ 69,811</u>

(A) During 2000, the AICPA entered into a noncancelable sublease.

The total of minimum rentals to be received in the future under this sublease, which expires in 2012, amounts to \$4,509,000 as of July 31, 2009. The future sublease income has been considered as part of the SFAS No. 146 accrual (see Note 14).

Rental expense for the years ended July 31, 2009 and 2008 was \$7,176,000 and \$7,021,000. Rental expense excludes rental payments on the AICPA’s Jersey City, New Jersey (Jersey City) location that have been accounted for under SFAS 146 (see Note 14).

**Other commitments:**

The Institute has other commitments for service agreements in place with various vendors. Minimum commitments in effect as of July 31, 2009 are:

Year Ending July 31, _____	Amount (\$000)
2010	\$2,646
2011	620

**Letter of credit:**

As of July 31, 2009, the Institute has an irrevocable standby letter of credit associated with its North Carolina lease of \$167,000, which expires on July 31, 2010.

**Line of credit:**

The AICPA has available a line of credit with a bank for short-term borrowings of up to \$27,000,000 at the bank’s prevailing interest rate. Amounts outstanding under the line of credit are collateralized by certain marketable securities (see Note 7). There were no outstanding borrowings at July 31, 2009, beyond the letter of credit. The line of credit expires on April 30, 2011.

**Litigation:**

From time to time the Institute is a defendant in actions arising in the ordinary course of business. In the opinion of management, such litigation will not have a material adverse effect on the Institute’s financial condition or change in net assets.

## 9. EMPLOYEE BENEFIT PLANS

### Defined benefit pension plan:

The Institute sponsors a noncontributory defined benefit pension plan for qualifying employees. The amount of the annual benefit to be paid at normal retirement date is based on credited service, which varies based on participant hire dates.

Economic assumptions used to determine the benefit obligations recognized in the statements of financial position are:

	<b>July 31, 2009</b>	July 31, 2008
Discount rate	<b>6.25%</b>	7.38%
Rate of compensation increase	<b>4.00%</b>	4.00%

Weighted average assumptions used to determine the net periodic benefit cost are:

	<b>July 31, 2009</b>	July 31, 2008
Discount rate	<b>7.38%</b>	6.55%
Expected return on plan assets	<b>8.25%</b>	8.25%
Rate of compensation increase	<b>4.00%</b>	4.00%

The Institute is utilizing a yield curve methodology to determine its discount rate. This methodology uses a weighted average yield to determine the plan's discount rate by forecasting the plan's expected benefit payments by year.

The expected return on plan assets was derived by reviewing historical returns, preparing several models about future expected returns using the current diversified asset mix and conducting a historical study of market recoverability.

For the year ending July 31, 2010, the Institute expects to contribute \$2,500,000 to the defined benefit pension plan.

The following tables provide further information about the Institute's pension plan:

<b>July 31, 2009:</b>	<b>Amount</b>
	(\$000)
Benefit obligation	<b>\$ 87,948</b>
Fair value of plan assets	<b>58,830</b>
Net unfunded status of the plan recognized as a liability in the statement of financial position	<b>\$ 29,118</b>
Employer contributions	<b>\$ 2,650</b>
Benefit payments	<b>\$ (3,869)</b>
Accumulated benefit obligation	<b>\$ 82,235</b>
Periodic benefit cost for the year ended	<b>\$ 903</b>

July 31, 2008:	Amount
	(\$000)
Benefit obligation	\$ 70,731
Fair value of plan assets	66,663
Net unfunded status of the plan recognized as a liability in the statement of financial position	\$ 4,068
Employer contributions	\$ 4,300
Benefit payments	\$ (3,844)
Accumulated benefit obligation	\$ 66,870
Periodic benefit cost for the year ended	\$ 1,090

Amounts in unrestricted net assets that have not yet been recognized as a component of net periodic benefit cost comprise the following:

	Unrecognized Prior Service Cost	Actuarial Loss
	(\$000)	
Balance, July 31, 2008	\$ 219	\$ 1,211
Increase during 2009	141	26,685
Amortization during 2009	(29)	—
Balance, July 31, 2009	\$ 331	\$ 27,896

The amounts in unrestricted net assets and expected to be recognized as a component of net periodic benefit cost for the year ending July 31, 2010, are \$39,000 and \$610,000, representing net prior service cost and amortization of actuarial loss.

Estimated future defined benefit pension payments reflecting expected future service for each of the five years subsequent to July 31, 2009, and in the aggregate for the five years thereafter are as follows:

Year Ending July 31,	Amount
	(\$000)
2010	\$ 3,900
2011	4,040
2012	4,250
2013	4,370
2014	4,570
2015 – 2019	26,450

The plan was amended in 2007 to provide that no further benefit accruals will occur after April 30, 2017.

The Institute's overall investment strategy is to provide for growth of capital with a moderate level of volatility. The target allocations for plan assets are 63% equity securities, 30% fixed income investments and 7% to all other types of investments. About 50% of the equity holdings include investments of large-cap, mid-cap and small-cap companies located in the United States and 13% of the equity holdings include investments of non-United States based companies. Fixed income investments primarily include securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises (U.S. Government), as well as corporate bonds from diversified industries and mortgage- and asset-backed securities (Other Fixed Income). Other types of investments include an investment in a limited partnership that holds equity positions in non-United States based companies.

The fair values of the Institute's pension plan assets at July 31, 2009, by asset category are as follows:

	Fair Value Measurements Using		Total
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	
		(\$000)	
Cash	\$ 1,173		\$ 1,173
<b>Equity securities:</b>			
U.S. Large-Cap Growth	5,638		5,638
U.S. Large-Cap Value	8,059		8,059
U.S. Mid-Cap Growth	3,335		3,335
U.S. Mid-Cap Value	2,936		2,936
U.S. Small-Cap Value	5,815		5,815
International Value	7,989		7,989
Real estate	2,666		2,666
<b>Fixed income securities:</b>			
U.S. Government	5,579		5,579
U.S. Government, corporate bonds and other fixed income	11,140		11,140
Other – International Core	–	\$ 4,500	4,500
	<u>\$ 54,330</u>	<u>\$ 4,500</u>	<u>\$ 58,830</u>

The expected long-term rate of return for the plan's assets is based on the expected return of each of the asset categories, weighted based on the median of the target allocation for the class. All investments are chosen with care, skill, prudence and due diligence. Performance of each investment manager is reviewed quarterly and interviews of each investment manager are generally conducted within a two-year cycle by an investments committee comprised of Institute members with investment industry experience. Investment risk is managed in several ways, including, but not limited to, the creation of a diversified portfolio across multiple asset classes and geographic regions and the usage of a paid investment consultant. A listing of permitted and prohibited investments is maintained in the Institute's Statement of Investment Policy approved by the Board of Directors and dated December 2008.



### Postretirement plan:

The Institute sponsors employee postretirement health care and life insurance plans for qualifying employees hired before May 1, 2003, and contributes toward the annual cost of retirees remaining in these plans.

Economic assumptions used to determine the benefit obligations recognized in the statements of financial position are:

	<u>July 31, 2009</u>	<u>July 31, 2008</u>
Discount rate	6.10%	7.38%

Weighted average assumptions used to determine the net periodic benefit cost are:

	<u>July 31, 2009</u>	<u>July 31, 2008</u>
Discount rate	6.10%	6.55%

The Institute is utilizing a yield curve methodology to determine its discount rate. This methodology uses a weighted average yield to determine the plan's discount rate by forecasting the plan's expected benefit payments by year.

For the year ending July 31, 2010, the Institute expects to contribute \$701,000 to the postretirement plan.

The following table provides further information about the Institute's postretirement plan:

<u>July 31, 2009:</u>	<u>Amount</u>
	(\$000)
Benefit obligation	<u>\$7,815</u>
Net unfunded status of the plan recognized as a liability in the statement of financial position	<u>\$7,815</u>
Employer contributions	<u>\$ 592</u>
Benefit payments	<u>\$ (815)</u>
Projected benefit obligation	<u>\$7,815</u>
Periodic benefit cost for the year ended	<u>\$ 210</u>

<u>July 31, 2008:</u>	<u>Amount</u>
	(\$000)
Benefit obligation	<u>\$ 7,264</u>
Net unfunded status of the plan recognized as a liability in the statement of financial position	<u>\$ 7,264</u>
Employer contributions	<u>\$ 741</u>
Benefit payments	<u>\$ (947)</u>
Projected benefit obligation	<u>\$ 7,264</u>
Periodic benefit cost for the year ended	<u>\$ 260</u>

Amounts in unrestricted net assets that have not yet been recognized as a component of net periodic benefit cost comprise the following:

	<u>Unrecognized Prior Service Credit</u>	<u>Actuarial Loss</u>
		(\$000)
Balance, July 31, 2008	\$(3,507)	\$ 589
Increase during 2009	—	516
Amortization during 2009	<u>358</u>	<u>—</u>
Balance, July 31, 2009	<u>\$(3,149)</u>	<u>\$1,105</u>

The amounts in unrestricted net assets and expected to be recognized as a component of net periodic benefit cost for the year ending July 31, 2010, are (\$358,000) and \$27,000, representing net prior service credit and amortization of actuarial loss.

The weighted average health care cost trend rate used in measuring the postretirement benefit expense is 5%.

### Defined contribution plans:

The AICPA and C2B also sponsor separate 401(k) defined contribution plans covering substantially all employees meeting minimum age and service requirements. Participation in the plans is optional. Employer contributions are made to the plans in amounts equal to a certain percentage of employee contributions. The cost of these plans was \$2,137,000 and \$1,863,000 for the years ended July 31, 2009 and 2008.

### Deferred compensation:

The AICPA has a nonqualified deferred compensation plan for certain key employees. Amounts accrued under this plan are \$1,056,000 and \$1,209,000 as of July 31, 2009 and 2008 and are included in the accompanying statements of financial position as a component of accounts payable and other liabilities.

## 10. CPA2BIZ, INC.

As discussed in Note 1, C2B is the exclusive online and offline marketing agent for certain AICPA products and services and maintains the e-commerce Web site ([cpa2biz.com](http://cpa2biz.com)) for the sale of AICPA products. In return for these services, C2B receives commissions on sales of products marketed for the AICPA. However, the AICPA has control of largely all product and service-related assets, and the intellectual property incorporated in them. C2B applies Emerging Issues Task Force Issue No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, to account for revenue on sales of AICPA products. The net amount is the amount charged to the customer less the amount paid to the supplier, which in most cases is the AICPA.

In addition to providing the AICPA with marketing services, C2B also receives fees for providing certain technology services to the AICPA such as integration of the C2B Web site with the AICPA back-end systems. Further, C2B manages and supports the marketing of all of the AICPA's affinity programs and shares in the affinity revenue, except for the insurance and retirement programs. Lastly, C2B has developed a new portfolio of products and services unrelated to the AICPA including, among other things, Business Solutions programs, e-newsletters, a Career Center job board and online third-party product stores.

Summarized financial information of C2B as of and for the years ended July 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
	(\$000)	
Total assets	<u>\$ 21,345</u>	<u>\$22,518</u>
Total liabilities	<u>\$ 9,288</u>	<u>\$10,812</u>
Preferred stock	<u>58,657</u>	83,657
Common stockholders' deficiency	<u>(46,600)</u>	<u>(71,951)</u>
Total liabilities and equity	<u>\$ 21,345</u>	<u>\$22,518</u>
Total revenue (A)	<u>\$ 17,792</u>	<u>\$19,063</u>
Net income	<u>\$ 351</u>	<u>\$ 897</u>

(A) Includes approximately \$9,286,000 and \$10,648,000 in commissions for services rendered for marketing and promotion of certain AICPA product lines and approximately \$8,506,000 and \$8,415,000 for Business Solutions, affinity, technology services and other business lines for the years ended July 31, 2009 and 2008.

As of July 31, 2009 and 2008, the aggregate number of shares of all classes of stock which C2B is authorized to issue is (i) 120,000,000 shares of common stock, par value \$.01 per share (Common Stock) and (ii) 40,000,000 shares of preferred stock, par value \$.01 per share, of which 24,000,000 shares have been designated 8% Series A Convertible Preferred Stock (Series A) and 8,000,000 shares designated 8% Series B Convertible Preferred Stock (Series B).

As of July 31, 2009 and 2008, the 8,000,000 authorized shares of preferred stock which are not considered to be either Series A or Series B have not been issued.

Common Stock has voting rights, but no liquidation privileges. Dividends may only be paid after the holders of both Series A and Series B have received the dividends to which they are entitled for that year.

Series A and Series B have rights to a liquidation preference whereby the Series A is senior to Series B and both are senior to Common Stock. Series A and Series B also have rights to an 8% non-cumulative dividend,

when and if declared by the Board of Directors of C2B, as well as a conversion right into Common Stock at the option of the holder, and anti-dilution protection. The holders of Series A and Series B vote with the holders of the Common Stock as if they were a single class. In addition, the holders of Series A and Series B have special voting rights relating to the creation of more senior preferred stock.

During the year ended July 31, 2009, a Series A stockholder elected to convert its 5,867,600 shares into an equal number of shares of Common Stock, thereby reducing the preferred stock of C2B by \$25,000,000. The Common Stock was donated to the Foundation and recorded at fair market value and has been eliminated in consolidation. During the year ended July 31, 2008, a Series B stockholder elected to convert its 723,474 shares into an equal number of shares of Common Stock, thereby reducing the preferred stock of C2B by \$3,697,000. In August 2009, one of the stockholders of Series B converted 1,320,346 shares into an equal number of shares of Common Stock, thereby reducing the preferred stock of C2B by \$6,747,000 at the time of the transaction.

As of July 31, 2009, the AICPA and the Foundation control approximately 65% of C2B's voting rights. In accordance with C2B's amended shareholder agreement, the AICPA's voting percentage will exceed 50% in perpetuity, subject to the AICPA's approval to a transaction in which additional shares are issued to an investor. Notwithstanding the AICPA's controlling interest in C2B, the AICPA does not guarantee any of the obligations nor is it responsible for any of C2B's liabilities. As of July 31, 2009, the primary source of funding for C2B has been the preferred stockholders and its own net income; the AICPA has only paid a de minimus amount of cash for its stock.

The AICPA has a note receivable from C2B, which is fully collateralized by C2B's Web site, bears an 8% interest rate and is due on December 31, 2014. Under the terms of the note, interest is paid monthly beginning in July 2005. The principal balance of the note of \$4,344,000 and related accrued interest for the periods prior to Fiscal 2005 of \$1,072,000 have been eliminated in consolidation.

At July 31, 2009, C2B has deferred tax assets of approximately \$53,300,000, which arise primarily from net operating loss carryforwards for federal income tax purposes of approximately \$122,000,000 expiring through 2020 and certain other temporary differences. Included in these net operating losses are pre-acquisition losses of approximately \$61,000,000, which are subject to annual limitations. Due to the uncertainty of the realization of the deferred tax assets, substantially a full valuation allowance has been provided at July 31, 2009. The timing and manner in which the net operating loss carryforwards can be utilized in any year by C2B may be limited by the Code.

C2B has two stock option plans for employees. None of the options are held by employees of the AICPA. There have been no grants in 2009 and 2008 and the only activity has been cancellations after employee terminations. Since there were no grant awards issued in 2009 or 2008, there was no compensation cost recognized in accordance with SFAS No. 123(R) in the financial statements for the years ended July 31, 2009 or 2008. Outstanding options, if all were to be exercised, would dilute the

existing holders of C2B voting stock in the aggregate by approximately 2%. If exercised, the options would become C2B Common Stock and be classified as minority interest in the accompanying financial statements.

As of July 31, 2009 and 2008, there were 1,494,204 and 1,596,316 options outstanding and exercisable, with exercise prices ranging from \$.38 per share to \$5.11 per share.

## 11. PREFERRED STOCK AND NET ASSETS

Preferred stock and net assets and changes therein for the years ended July 31, 2009 and 2008 follow:

	Balance, August 1, 2007	Increase (Decrease)	Balance, July 31, 2008 (\$000)	Increase (Decrease)	Balance, July 31, 2009
Preferred stock of C2B	\$ 87,354	\$ (3,697)	\$ 83,657	\$ (25,000)	\$ 58,657
Net assets:					
Unrestricted:					
AICPA	30,269	(1,909)	28,360	(22,675)	5,685
C2B	(80,867)	3,736	(77,131)	24,394	(52,737)
ARA	846	(407)	439	–	439
Benevolent Fund	6,289	(120)	6,169	(472)	5,697
Foundation	3,104	100	3,204	25	3,229
	(40,359)	1,400	(38,959)	1,272	(37,687)
Temporarily restricted:					
Foundation	891	830	1,721	6,789	8,510
Permanently restricted:					
Foundation	648	–	648	–	648
Total net assets	(38,820)	2,230	(36,590)	8,061	(28,529)
Total preferred stock and net assets	\$ 48,534	\$ (1,467)	\$ 47,067	\$ (16,939)	\$ 30,128

Temporarily restricted net assets are subject to donor-imposed stipulations that can be met either by actions of the Foundation and/or the passage of time.

Temporarily restricted net assets consist of accounting education and research initiatives as follows:

	<u>2009</u>	<u>2008</u>
	(\$000)	
John L. Carey scholarships	<b>\$ 484</b>	\$ 600
Accounting Doctoral Scholars (ADS)	<b>8,025</b>	1,099
Library support	<b>1</b>	<u>22</u>
	<b><u>\$8,510</u></b>	<u>\$1,721</u>

During 2008, the Foundation initiated the Accounting Doctoral Scholars program (ADS) to focus on the shortage of academically qualified university accounting faculty. Based on indications of support, this program expects to receive approximately \$17,000,000 from CPA firms and state CPA societies over the next six years to increase the production of accounting PhDs in existing doctoral programs. The Foundation finalizes the indications of support by obtaining executed pledge agreements. Contributions receivable are unconditional promises to give pertaining to the ADS program. Amounts due in future periods, based on executed pledge agreements received, as of July 31, 2009, are as follows:

	<u>Amount</u>
	(\$000)
Less than one year	\$ 1,216
One to five years	<u>5,767</u>
	6,983
Discount	<u>618</u>
	<b><u>\$ 6,365</u></b>

The discount rate as of July 31, 2009 and 2008 was 1.40% and 3.46%.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

The Foundation's permanently restricted net assets represent a permanent endowment fund created to support the AICPA library, the income of which is temporarily restricted.

The Foundation has investment and spending policies for its library endowment fund that attempt to provide a predictable stream of funding for the program supported by the endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective.

The Foundation's endowment assets are commingled in a diversified portfolio of equity and fixed income securities in order to provide for growth with a moderate level of volatility.

The library support fund represents income earned on the library endowment principal and temporarily restricted for the support of the AICPA library maintained and operated by the University of Mississippi. Per current spending policy, the Foundation is committed each year to spend no greater than the fund balance of the library support fund.

The Foundation includes net investment income, which is comprised of interest and dividends and realized and unrealized gains and losses, on its permanently restricted library fund as part of temporarily restricted net assets. At July 31, 2009 and 2008, the Foundation had permanently restricted net assets of \$648,384. For the year ended July 31, 2009, the permanently restricted library fund generated a net investment loss of \$1,351 and included such in temporarily restricted net assets.

The temporarily restricted library support fund had net assets of \$22,428 at July 31, 2008. For the year ended July 31, 2009, the library support fund recorded a net investment loss of \$1,351, and had a use of funds of \$20,000. At July 31, 2009, this temporarily restricted fund had a balance of \$1,077.

## 12. ARA

The ARA's mission is to provide funds for studies and research in regard to principles and standards of the accounting profession. Through 2002, the ARA made annual best efforts commitments to raise funds for the Financial Accounting Foundation (FAF) to support the work of the Financial and Governmental Accounting Standards Boards from sources within the accounting profession. Effective with the passage of the Sarbanes-Oxley Act on July 30, 2002, the funding of the Financial Accounting Standards Board is provided through payments by Securities and Exchange Commission (SEC) registrants. The ARA did not fund any research during the years ended July 31, 2009 and 2008.

ARA's Board of Trustees continues to explore additional opportunities to fulfill its mission.

## 13. OTHER RELATED PARTY TRANSACTIONS

The AICPA provides general and administrative services for the American Institute of Certified Public Accountants Insurance Trust (Trust). The AICPA received net revenue of \$3,624,000 and \$3,332,000 from the Trust for the years ended July 31, 2009 and 2008.

#### 14. RELOCATION OF CERTAIN OPERATIONS

In October 2005, the AICPA's management team submitted a plan that was approved by the AICPA's Board of Directors and Council to relocate a substantial portion of its Jersey City operations to Durham, North Carolina, in order to manage its cost structure and budget in the most effective way. The implementation of the relocation plan began in August 2006 and was completed by July 2007.

The following table describes the changes to the accrued relocation expenses in the statement of financial position for the years ended July 31, 2009 and 2008:

	Accrued Relocation Expenses July 31, 2007	Adjustments to Accrued Relocation Expenses	Cash Payments	Accrued Relocation Expenses July 31, 2008
			(\$000)	
Termination benefits	\$ 200	\$ (55)	\$ (145)	
Present value of remaining lease payments, net	<u>19,900</u>	<u>7,154</u>	<u>(17,856)</u>	<u>\$ 9,198</u>
	<u>\$ 20,100</u>	<u>\$ 7,099</u>	<u>\$(18,001)</u>	<u>\$ 9,198</u>
			(\$000)	
	Accrued Relocation Expenses July 31, 2008	Adjustments to Accrued Relocation Expenses	Cash Payments	Accrued Relocation Expenses July 31, 2009
Present value of remaining lease payments, net	<u>\$ 9,198</u>	<u>\$ 1,535</u>	<u>\$ (3,171)</u>	<u>\$ 7,562</u>

In July 2008, the AICPA executed a partial termination of its Jersey City lease with its landlord. Included in cash payments of \$17,856,000 is the termination amount of \$9,142,000. Contemporaneous to the termination, the landlord executed a long-term lease with a third party for the space.

Due to current market conditions, management was unable to secure a subtenant for the remaining space during 2009. After considering information provided by the AICPA's real estate consultants, management reassessed its estimate of probable costs and the sublease timeline associated with the remaining space, which continues to be actively marketed.

# Board of Directors 2008-2009

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