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Sunrise from the roof of the AICPA's New York office at 1211 Avenue of the Americas.
VISION

The world leader in driving vitality, relevance and quality across the accounting profession, furthering its trust and influence.

MISSION

Powering the success of global business, CPAs, CGMAs and specialty credentials by providing the most relevant knowledge, resources and advocacy, and protecting the evolving public interest.
A MESSAGE FROM THE CHAIR
AND PRESIDENT & CEO

Perspective is a word often used to describe an individual’s or group’s view of the future. For us, perspective is more about seeing beyond the known to identify extraordinary and unexpected opportunities. To develop perspective, one must have the right tools. Astrophysicists have ALMA (Atacama Large Millimeter/submillimeter Array), the most powerful telescope on Earth, which scans space to study nascent stars and planets and identify distant galaxies. ALMA’s unique capabilities provide scientists the data to interpret the universe.

At the AICPA, our ALMA includes market research, relevant published data, firm visits, member surveys and input, business and industry employer interviews, and more. These inputs enable us to scan and interpret our members’ universe. Studying the environments in which CPAs work, learn and connect, we search for developments and disruptions that can unleash exciting possibilities and present opportunities for the future. Armed with the facts and figures that form trends, we identify ways to help members get ready for the next — the next generation of accounting professionals, the next type of assurance services, the next iteration of technologies and the next wave of workplace norms.

With perspectives as its theme, this annual report describes some of the many ways we’re helping more than 412,000 members view and understand the world around them. Our profession thrives only when members achieve success in a complex and rapidly changing environment. Comprehensive efforts you’ll read about in this year’s annual report touch these critical pillars of AICPA service and themes affecting the profession:

> QUALITY — Bold new initiatives continue the profession’s journey to maintain excellence in its services and protect the public interest. In the midst of burgeoning business and regulatory complexity, our members can access an array of tools and information that support compliance and learning throughout the audit process. Moreover, quality enhancements are being integrated into all stages of an auditor’s work — from pre-CPA licensure through monitoring and enforcement.

> RELEVANCE — We constantly track emerging issues and help members address related challenges and opportunities. As a result, CPAs are better equipped to manage a changing business environment.

> SUPPORT — No matter a member’s area of employment, how far they’ve advanced or what their ambitions, the AICPA provides the guidance, tools and resources to help them succeed in their work environments.

> COMPETENCY — Groundbreaking projects are kicking off a new era of learning in the accounting profession. Through new dynamic platforms, the AICPA gives members access to the knowledge they need, when they need it, in the format of their choosing, as well as the ability to identify and address areas of improvement. These innovative learning options ensure members have the competencies they need to meet ever-changing business needs.

> TALENT — The future of the profession depends on a robust pipeline of qualified, diverse new CPAs. With that in mind, we’ve outlined and analyzed pipeline challenges and launched programs to help the profession attract and retain the top talent needed for an increasingly demanding marketplace.

> VOICE — The AICPA’s vigorous advocacy efforts represent CPAs and the public whenever critical legislative or regulatory measures surface.

Just as ALMA provides different perspectives of the universe, this annual report shows the many ways we are helping members of today succeed and are positioning the profession for continuing vitality far into the future. A new day is breaking for CPAs — a day full of possibilities, growth and change. We invite you to explore them with us.

Tommye E. Barie, CPA
Chair of the AICPA Board of Directors

Barry C. Melancon, CPA, CGMA
AICPA President & CEO
YEAR AT A GLANCE

412,107
Total AICPA membership

14,130
News reports AICPA outreach generated to promote the CPA profession

150,989
CGMAs globally

339,155
Phone calls and emails to AICPA Member Service from members and customers

657,611
AICPA Insights blog page views

1,852
AICPA volunteers
QUALITY

Our members demonstrate an ongoing commitment to helping clients and organizations achieve their goals and improve their businesses. To support our members, the AICPA provides tools enabling them to stay on the leading edge of business and deliver the highest quality services.

> To sustain excellence throughout the audit process and maintain the profession’s reputation for competence, integrity and objectivity, the AICPA launched a comprehensive Enhancing Audit Quality (EAQ) initiative. Bigger and bolder than any prior quality effort, the EAQ initiative builds upon the profession’s long-standing commitment to deliver high performance, providing auditors with resources and learning materials to maintain best-in-class services. Audit and assurance are among the profession’s foundational services and the EAQ initiative emphasizes quality at all audit touch points in the profession, focusing on specialized areas, specifically employee benefit plans and governmental audits. Through the EAQ initiative, the AICPA developed a 6-Point Plan to Improve Audits, outlining quality enhancements throughout the auditor’s journey, starting from pre-licensure and continuing through practice monitoring and ethics enforcement.

> We reimagined peer review, with a thought-provoking early vision of how the existing peer review program could be transformed. Our concept paper, “Evolving the CPA Profession’s Peer Review Program for the Future,” explores the potential for a technology-driven, near-real-time practice monitoring process that would drive enhanced auditing and assurance effectiveness. This process would benefit firms by helping them identify and fix issues before an audit is completed, providing a mechanism for satisfying quality checks internally. A Practice Monitoring of the Future (PMoF) pilot program will launch in 2017 with firms of all sizes, and that pilot will provide insights into the PMoF iterative process.

> To support local and regional firms, the Private Companies Practice Section (PCPS) developed the Center for Plain English Accounting (CPEA) as a centralized, national accounting and assurance resource center. Now in its second year, the CPEA continues to help firms address complex A&A issues and also is part of the AICPA’s answer to improving audit quality. The center delivers detailed and written guidance on complex accounting and assurance issues, in a plain English manner, offering smaller firms the kind of support they need to deliver high-quality services to their clients. The CPEA has expanded its membership by almost 50% since its introduction, and now serves about 215 PCPS member firms.

> The Chartered Global Management Accountant® (CGMA®) designation, powered by the AICPA and the Chartered Institute of Management Accountants (CIMA), was launched in 2012 to help people and businesses succeed by producing and recognizing competent and confident management accounting professionals able to steer businesses and lead their organizations to make better decisions. To continue elevating the CGMA designation, the AICPA and CIMA launched the computerized CGMA exam in January. The case study format tests candidates’ readiness to apply management accounting knowledge in real-world business situations. The AICPA produced a suite of tools, courses, publications and videos to help candidates prepare for the exam.

> To help ensure that businesses are able to address the challenges they face in today’s complex environment, the AICPA and CIMA in October 2014 released Global Management Accounting Principles®, enabling organizations to grapple with issues such as data overload, dispersed workforces and rapid change. The principles provide a blueprint for effective analysis that can be applied to organizations of any size around the world.

3,165 Enhancing Audit Quality discussion paper downloads
18,991 A&A Hotline inquiries
RELEVANCE

The AICPA worked with leaders throughout the profession, members and other stakeholders to develop a vision for the profession of the future. We are now introducing programs that will help CPAs develop the skills and deliver the services that will enable them to stay ahead of change, maintain relevance and bring this vision to life.

> In direct response to member requests, the AICPA launched the Not-for-Profit Section. Members and other finance professionals joining the new section gain support and a wealth of resources related to this dynamic sector. To drive high performance and facilitate timely compliance with standards and regulations, this centralized resource also is open to other qualified professionals with not-for-profit management or governance responsibilities. In addition, a Not-for-Profit Certificate program designed for CPAs and others working in this field is helping to enhance competencies and differentiate qualified professionals. Early demand has confirmed that both the Not-For-Profit Section and certificate meet a critical market need in the fast-growing not-for-profit sector and can help distinguish someone working in this space.

> The AICPA Assurance Services Executive Committee (ASEC) continues to develop new methodologies and guidance to improve audit efficiency and to support new assurance services. On the audit side, ASEC has a number of projects underway that lay the groundwork for increased use of analytics in the audit process. ASEC also is collaborating with government and industry agencies and other relevant organizations to develop timely guidance for the provision of meaningful assurance services around critical subject matter areas such as cybersecurity and sustainability.
Consistent with its mission to empower CPA firms for the digital age, CPA.com continued to develop valuable tools and resources to help firms thrive, evolve and remain relevant in their role as trusted business advisers. Responding to a marketplace need, CPA.com launched a new financial information clearinghouse for private companies, called Rivio. The cloud platform allows firms, lenders, investors and private companies to exchange key CPA-authenticated financial data — such as financial statements — quickly, efficiently and securely. The new service reinforces the reliance on financial statements as a key element in the due diligence process for lenders and investors.

The AICPA is working to help members meet the global demand for specializations with access to the most sought-after specialties and the skills to enhance their value. Aligned with a growing professional trend toward specialization, more CPAs are taking advantage of the opportunity to distinguish themselves by earning specialized credentials. Exam registrations in the last two years for the Accredited in Business Valuation, Certified in Financial Forensics, Certified Information Technology Professional and Personal Financial Specialist credentials show that members recognize the benefit of specialization. In addition, specialty-section membership grew by more than 10% in the last year. Through collaborative agreements with 31 state CPA societies, more members now have increased awareness of specialized credentials and associated tools and resources. Firms and organizations can encourage specialization and leverage it as a retention tool through the AICPA Standing Ovation program, which recognizes young CPAs who hold specialty credentials. Continuing growth in the number of CPA Canada members who hold the CFF® or CITP® credentials demonstrates the credentials’ international appeal and value.

The creation of two new fair value credentials next year will seek to address regulator concerns. The AICPA’s new credentials focus on fair value measurement for business and intangible assets, and fair value measurement for financial instruments, and will meet a growing public interest need, helping members improve quality, consistency and transparency in the valuation process. The new credentials are expected to launch in 2016, and will be available to CPAs and other qualified professionals in the United States and abroad.

The AICPA continues to support the work of the International Integrated Reporting Council (IIRC), efforts that will help position the profession for success in an evolving corporate reporting landscape. The IIRC’s efforts to develop a globally accepted framework will help companies present a more complete and transparent picture of performance, resource use and the ability to create value over the long term.

#CPAPOWERED

A new award-winning national campaign, cpapowered.org, underscores the value CPAs can provide to the nation’s nearly 30 million small businesses. Launched during busy season, the campaign shows businesses how a CPA can help with strategic planning, compliance reporting, financial management and more. The campaign is an expansion of the AICPA’s successful 2014 #CPAPOWERED social media campaign, which focused primarily on tax and financial planning for consumers. The 2015 #CPAPOWERED campaign, with a broader message, features a series of informative videos called “CPA Secrets to a Better Business.” The videos promote the value of a CPA to small businesses and offer small business owners tips on everything from seeking financing to succession planning and understanding health insurance.

“CPA Secrets to a Better Business” videos have been viewed 2,725,499 times.

10%+
Specialty section member growth
Just over three years after it was introduced, more than 150,000 people worldwide hold the CGMA designation, making it the largest management accounting designation in the world. Showcasing the profession on the global stage, the CGMA designation was featured as the Imperial Sponsor of the World Congress of Accountants, which took place in Rome in November and brought together nearly 4,000 accountants from six continents. The AICPA and CIMA elevated the CGMA designation by taking a thought leadership role at the event, releasing research, tools and resources focused on the top trends shaping the future of business.

To increase awareness and the value of the CGMA designation among employers, and to support the skills and competencies of CGMA designation holders among this important market:

- The designation was featured as the sponsor of a panel with finance leaders at Bloomberg’s New York headquarters in June 2015. “From Conformance to Performance: Developing the Finance Leaders of Tomorrow,” featured a discussion with CFOs and other finance leaders on the evolving role of finance and what competencies young professionals should develop to help accelerate their careers. Senior-level staff from Amex, EY, Merck, Prudential and others were in attendance.

- The CGMA designation also was featured as a sponsor of Chief Executive Magazine’s CEO of the Year event in July, recognizing the CEO of Boeing, Jim McNerney. The event included roundtable discussions on the importance of finance professionals leading effective cross collaboration to break down data silos within organizations in order to harness the power of Big Data.

- The AICPA’s Business Development Team spent the year speaking to CFOs and Senior Finance Leaders in business and industry, in partnership with state CPA societies, on the value of the CGMA designation and how designation holders drive better decision-making and business performance.
The AICPA monitors marketplace developments that will affect members. We use that perspective to create the guidance and practical resources that members need to succeed in a constantly changing business environment.

> Members were better able to understand the complexity of the Affordable Care Act and its implementation with the help of a wealth of AICPA resources, including links to related tax returns and compliance information. The Institute also made recommendations to the Internal Revenue Service on simplifying information reporting requirements.

> The latest version of the PCPS/TSCPA National Management of an Accounting Practice Survey, a comprehensive nationwide study of CPA firms, provides valuable benchmarking information for practitioners and helps the Institute design resources tailored to practitioners’ needs. This year’s study was delivered through a new, dynamic reporting platform that made it easier for members to participate and review results. The study revealed that, in general, CPA firms saw improvements in several areas since the last report in 2012, including client fees and professional salaries.

> To help members take advantage of the Financial Reporting Framework for Small- and Medium-Sized Entities, the AICPA released new resources in the toolkits for CPAs and CPA firms, financial statement users and small businesses. The framework, designed as a potential financial reporting alternative for privately held small businesses, offers useful, simplified information that is concise and cost-beneficial.

> The codification of the AICPA Code of Professional Conduct, which became effective in December 2014, makes it simpler for CPAs to apply the profession’s rigorous ethics standards and reach correct conclusions faster and more intuitively. The code has been restructured by topic and edited for consistency, and features separate conceptual frameworks for members in public practice and in business. At the same time, a new Code of Ethics for CGMAs is aligned with both the AICPA code and the CIMA Code of Ethics for Professional Accountants.

> AICPA resources continue to help members understand and implement FASB Accounting Standards Update 2014–09, Revenue from Contracts with Customers, as well as navigate the one-year implementation delay. The new revenue-recognition standard has the potential to affect day-to-day accounting for all entities and, potentially, the way business is executed through customer contracts. The Institute mobilized 16 task forces to create industry-specific implementation tips and help members sort through the principle-based standard.

> The AICPA is prepared to serve as a go-to resource for members seeking information on upcoming Financial Accounting Standards Board standards on leases and on financial instruments. The final pronouncements are set to be released late in 2015, and are expected to have a significant impact on practice for a wide variety of entities. The AICPA will offer guidance on how the new standards will affect businesses as well as resources that will help members implement the new standards.

> As part of our ongoing commitment to ensure the profession’s relevance, the Institute made significant revisions to standards for accountants in public practice who prepare financial statements for their clients. The SSARS No. 21 standards have been clarified, so they are easier for members to understand and implement. The changes are the most significant in non-audit standards since 1978, and bring the standards into alignment with today’s more technologically focused business environment.

6,306 Private Companies Practice Section (PCPS) member firms
In a rapidly changing business environment, members now have new ways to acquire and assess their competence through groundbreaking initiatives that identify and create innovative learning options.

- To recognize new types of professional development, including nano-learning and blended learning, in May the AICPA — in conjunction with the National Association of State Boards of Accountancy — proposed revisions to continuing professional education standards. The revisions would provide CPAs with more efficient and effective CPE opportunities, thereby helping them improve the quality of their work. The proposed changes are part of the AICPA’s Future of Learning initiative, which seeks to adapt learning to today’s environment, embrace new learning models and create a profession-wide global learning vision.

- Providing members with the knowledge employers demand in an increasingly fast-paced and intricate business world, the AICPA | CIMA Competency and Learning website leverages the CGMA Competency Framework so that professionals can learn when, where and how they want. The Employee Benefit Plan Auditing Competency Framework was added in May 2015, and more technical areas will be added in the coming months. The site’s resources equip members with the competencies required to maintain and improve their quality and employability in today’s challenging business environment. With more than 230,000 page views and more than 8,500 completed self-assessments and knowledge checks since its launch, the website is meeting members’ critical learning needs.

8,528 Competency & Learning self-assessments and knowledge checks completed
Today’s challenges require more creative and innovative solutions, and we need top talent to find those solutions. The AICPA is engaged in a variety of initiatives to ensure that promising young people continue to become CPAs and that the profession’s outlook reflects the increasingly diverse marketplace.

The future of the profession is bright, with new research revealing record numbers of accounting enrollments and record hiring of accounting graduates. The 2015 Trends in the Supply of Accounting Graduates and Demand for Public Accounting Recruits report found that more than 250,000 students are enrolled in accounting programs. After a 7% increase in hiring in 2013–14, 91% of firms expect to hire at the same or increased level next year.

The AICPA created the Accounting Inclusion Maturity Model to help CPA firms and other organizations expand and enhance their diversity and inclusion efforts. Firms and organizations with robust diversity and inclusion programs perform better than those without. The model features a thorough online assessment that organizations of all sizes can use to assess their current initiatives. Members also can access a Recruitment and Retention Toolkit, outlining the process to incorporate diversity and inclusion efforts into firm culture and help CPAs to meet their recruitment and retention goals. The tools are available on the Institute’s Present and Accounted For website, which highlights diversity and inclusion in accounting.

To preserve the CPA Exam’s relevance in a rapidly changing profession and marketplace, the Institute conducted a major research effort to determine the content, design and structure of the next version of the exam, launching in 2017. The next exam version will continue to assess whether new CPAs have the knowledge and skills that employers and the public demand — knowledge and skills that play a critical role in protecting the public interest.

To protect the CPA brand through a best-in-class examination and to better understand the attitudes and behaviors of potential CPA Exam candidates, the AICPA commissioned research to identify the reasons behind a gap between record numbers of accounting graduates and flat or declining numbers of CPA Exam candidates. The research showed that the three most important factors in someone sitting for the CPA Exam were: a workplace requirement to become a CPA, an employer’s willingness to pay for study materials and/or the exam itself, and workplace flexibility to allow for studying and to take the exam. This research is fueling efforts to improve exam delivery and increase interest in the CPA by creating a pro-CPA culture on college campuses and in organizations.

Our market research also identified opportunities to improve convenience, and the candidate experience. Ongoing discussions include expanding the 18-month testing period, re-testing within a single window and reducing blackout periods. These changes would reflect the challenges of the 21st century and ensure greater opportunity for our most promising CPA candidates to sit for the exam.

Market research continues to indicate that students are choosing a career path at an earlier age; the AICPA is ensuring the accounting profession is on their radar. The AICPA has been working with the College Board to finalize and deliver a proposed high school advanced placement accounting course. The course would attract bright potential future CPAs and connect them to the accounting profession early in their education.

Increasing the number of accounting professors with real-world audit and tax experience, the Accounting Doctoral Scholars (ADS) Program continues to be a major success. A total of 34 ADS Ph.D.s have completed their studies and joined faculties at leading universities nationwide. Another 74 audit- and tax-focused Ph.D.s are expected to complete their programs in the next three years and become accounting professors. Given these accomplishments and the ongoing need for audit and tax faculty, the AICPA is exploring a second round of the program.

43,252
New graduates hired by CPA firms in 2014, a 7% increase over 2012

238,908
Uniform CPA Examination sections delivered globally in FY 15

34%
Increase in students pursuing Master’s in Accounting degrees
The AICPA is a vocal and respected advocate for the profession and a staunch protector of the public interest. Throughout the year, our efforts have highlighted important issues and helped pave the way toward workable solutions, demonstrating the CPA profession’s important insight and unique perspective on matters relating to tax and business.

> After more than a decade of advocacy, the AICPA celebrated a new law changing the due dates of certain tax returns. The changes will make the information flow between corporations, partnerships and individuals more logical.

> The AICPA protected the profession and taxpayers from significant recordkeeping and compliance requirements by successfully urging the Internal Revenue Service and the Treasury to issue relief for regulations on capitalization and depreciation of tangible property (known as the repair regulations). Following advocacy by the AICPA and state CPA societies, the IRS exempted smaller businesses from the rules; the AICPA continues to advocate for additional relief.

> As part of its ongoing efforts to shape a workable tax system from both the public’s and the profession’s perspectives, the AICPA proposed simplifications for business income tax in four areas: the cash method of accounting, tax return due date simplification, alternative minimum tax repeal and pass-through business income taxation. The AICPA also submitted recommendations to the House Committee on Small Business that were aimed at simplification and clarity in a variety of additional areas.
Patent assertion entities or “patent trolls” exist to file patent infringement lawsuits, which have targeted CPA firms and small- and medium-sized businesses. The AICPA and state CPA societies supported patent reform legislation that would protect businesses from these entities.

The AICPA helped to shield appraisers of employee stock options from a Department of Labor (DOL) proposed rule on the definition of a fiduciary. Following AICPA testimony and comment letters regarding the DOL’s proposed rule, the DOL dropped appraisers from its updated conflict of interest rule proposal.

To protect firms’ business practices, the AICPA advised the commissioners of the Equal Employment Opportunity Commission to preserve firms’ partner retirement provisions, including mandatory retirement agreements. Should the EEOC expand the scope of the Age Discrimination in Employment Act and treat partners as employees, rather than owners, it would harm the profession’s ability to recruit and retain a diverse workforce and hinder firms’ long-term succession planning.

The AICPA urged Congress to remove the uncertainty from planning and compliance, and act immediately to address the numerous tax provisions set to expire at the end of 2014 — the “extenders.” We continue to push for a long-term solution that will eliminate unnecessary tax filing delays and disruptions in financial reporting, and give businesses the clarity and confidence to engage in long-term strategic planning.

Concerned about the impact that a significant service decline at the IRS has had on taxpayers and practitioners, the AICPA governing Council passed a resolution calling for an objective forum that will “engage stakeholders to expeditiously make recommendations that enable the Internal Revenue Service to achieve its stated mission and to transform it into a modern-functioning, evolutionary, and respected federal agency for the 21st Century.” The resolution also laid out six tax administration principles to help restore the public trust.

As a leader of the Mobile Workforce Coalition, the AICPA continues to advocate for legislation that would make tax compliance easier for small businesses that perform work across state lines, including CPA firms. Tax services are part of the profession’s core and the Institute actively supports federal legislation under consideration that would provide relief from inconsistencies and unnecessary complexity in this area.

To protect the public interest by ensuring attest engagements are performed only by qualified individuals with appropriate experience, the AICPA — along with the National Association of State Boards of Accountancy (NASBA) — developed, in 2014, a revised comprehensive definition of attest under the Uniform Accountancy Act (UAA). Thanks to the joint efforts of the AICPA, NASBA, the state boards of accountancy and the state CPA societies, 30 states have now adopted this comprehensive definition of attest, with eight having done so just this year. This updated definition ensures that all attest engagements, including those performed under the AICPA’s Statements on Standards for Attestation Engagements (SSAEs), are only performed by licensed CPAs operating within a licensed CPA firm.
The AICPA Financial Literacy campaign continues to support the CPA reputation through advertising, social media, websites and tools for consumers.

An updated 360 Degrees of Financial Literacy website offers revised tools and content to help consumers make smart financial decisions through every life stage.

A new Tumblr campaign to promote Feed the Pig educated young adults about their finances through memes and humor.

On April 22, U.S. Representative and Congressional Caucus on CPAs and Accountants member Mike Conaway, CPA, R-TX, gave a speech on the House floor highlighting April as Financial Literacy Month. Rep. Conaway noted the important role that CPAs across the country play in improving the financial literacy of Americans, and how, for over 10 years, the AICPA, members and state CPA societies have worked together through the 360 Degrees of Financial Literacy program.
NOTEBOOK

Please use the following pages for making important notes, and be sure to keep your Annual Report for reference throughout the coming year.