

What's at Stake? The CPA Profession's Call for Federal Financial Responsibility Talking Points

Overview

- The CPA profession is committed to protecting the public interest, helping the public understand complex federal financial issues and working with elected officials in an effort to reduce the U.S. national debt.
- A new video, *What's at Stake? The CPA Profession's Call for Federal Financial Responsibility*, is part of an ongoing AICPA initiative to provide a clear and non-partisan analysis of in the U.S. government's financial statements and various fiscal challenges.
- In this video, former AICPA chair, current National CPA Financial Literacy Commission chair, and initiative founder Greg Anton reports on the size and significance of the U.S. national debt and educates viewers about the fact that social insurance obligations totaling \$65 trillion are not reflected on the face of the federal government's balance sheet. Person-on-the-street interviews capture individuals' thoughts on the issue and its impact on their lives. The video also calls attention to a bipartisan congressional resolution that would highlight the fiscal state of the nation.
- More information and resources for CPAs, including a PowerPoint deck and talking points, are provided at aicpa.org/WhatsAtStake. CPAs are encouraged to use these resources to help raise awareness of the economic implications of the U.S. national debt.

Why U.S. government's financial statements are important

- The U.S. government's financial statements are prepared using the standards of the Federal Accounting Standards Advisory Board (FASAB) and provide an important perspective into the fiscal health of our country. This perspective differs from that presented in the U.S. budget.
- The budget reflects a cash basis, identifying what is to be bought and paid for in a given year. The financial statements are prepared on an accrual basis and include what the government is committed to paying, as well as borrowed funds.
- Readers of the U.S. government's financial statements should be aware that social insurance obligations (i.e., Social Security and Medicare) are included only as footnote disclosures (i.e., they are not reflected as liabilities on the face of the balance sheet).

Providing insight into the country's liabilities and obligations

- As of September 30, 2016, the U.S. government's financial statements included total liabilities of \$22.8 trillion.
- Total liabilities and obligations for the U.S. government are \$87.7 trillion (i.e., the sum of our national debt of \$22.8 trillion and social insurance obligations of \$64.9 trillion).
- Total liabilities and obligations for the U.S. government is generally comparable to total U.S. household net worth of \$90 trillion.
- To help put a trillion in context, one million seconds is 11.5 days, one billion seconds is 32 years, and one trillion seconds equals 32,000 years.