


State of the Profession

Barry C. Melancon, CPA, CGMA
 Georgia Society of CPAs
 June 19, 2012



Trends Facing Profession

- International → Emerging markets
Buying/selling overseas
- Next-generation leaders → Aligning talent management processes to support business strategy
- Technology → ~~Talent~~ **Talent** value: identifying, developing and retaining future leaders
- Value proposition → Harnessing the potential of Big Data
Leveraging human capital and workforce
~~Developing and managing mobile~~
applications for management information
Quality is same, working on improving efficiencies
Notion of "privacy"

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Potential Services & Opportunities

Integrated Reporting

- Sustainability

EBRC

Attestation opportunities

- SOC reports

Risk Management



XBRL
eXtensible Business Reporting Language

Taxes

- SALT & compliance


XBRL

Business process outsourcing

- Cloud Computing

Specialization and credentials

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 **Cyber Security a Growing Concern**

“[Cyber Security] is one of the most serious economic and national security threats our nation faces.”

37% Cyber breaches up 37% in 2011
\$100B Cyber breaches cost US businesses \$100 billion in 2011
75% 75% of malware programs silently steal information

- President Barack Obama

AICPA educating members on best practices

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 **Big Data, Big Potential**

- Convert data sources into actionable business insights
- “Analytics arms race”
- Not enough to increase data availability
- Capacity to evaluate data & apply good judgment
- CFO/adviser’s strategic role



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 **Market Forces Causing Change**

Market Forces

Geographic Regions

Associations

International Capacity



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Complexity: Challenge & Opportunity

Health care
Federal taxes
State/local taxes
Technology
International
Dodd-Frank
Heightened rules and scrutiny

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Growing the brand

Healthy, strong core is needed to support growth

Audit
Tax
Reporting

Management Accounting
Business valuation
Financial planning
Strategic planning
Forensic accounting
IT auditing

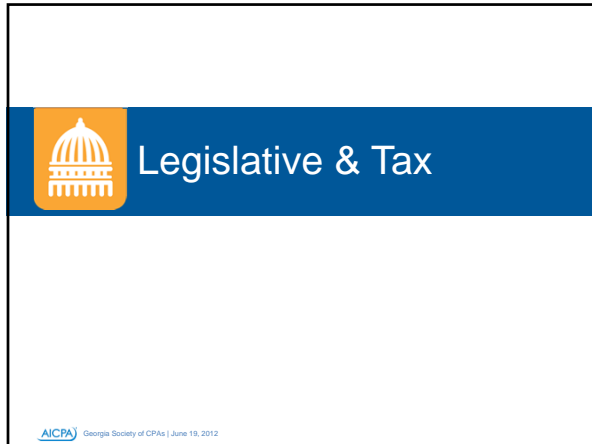
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CPA Horizons 2025

- 10 Key Insights → Technology
- Core Purpose → Worldwide Profession
- Core Values → Standing the test of time
- Core Competencies → Pre-certification & Lifelong Learning

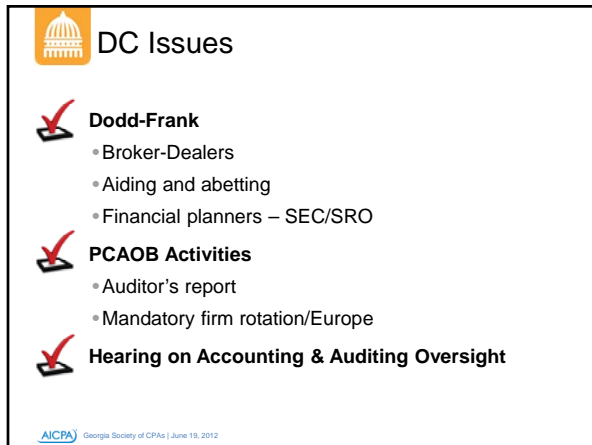
- Market Permissions
- Substantially unchanged
- Trusted Attester
- Evolve in the Profession
- Demographic Shifts
- Trusted Advisor
- Marketplace
- Value Proposition


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 **Legislative & Tax**

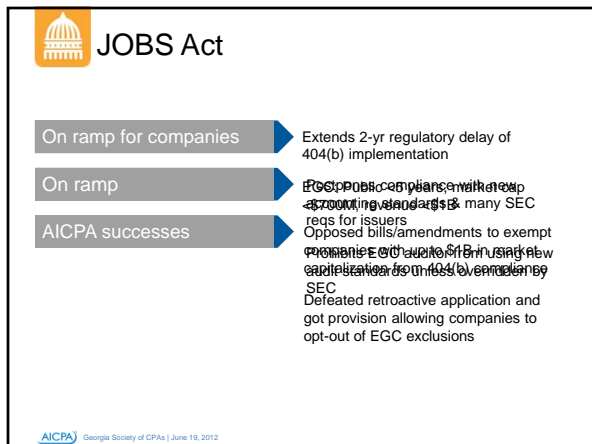
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 **DC Issues**

-  **Dodd-Frank**
 - Broker-Dealers
 - Aiding and abetting
 - Financial planners – SEC/SRO
-  **PCAOB Activities**
 - Auditor's report
 - Mandatory firm rotation/Europe
-  **Hearing on Accounting & Auditing Oversight**


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 **JOBS Act**


- On ramp for companies** → Extends 2-yr regulatory delay of 404(b) implementation
- On ramp** → ~~Extends compliance with new accounting standards~~ many SEC reqs for issuers
- AICPA successes** → ~~Proposed EGC amendments to exempt public companies from EGC~~ Proposed EGC amendments to exempt public companies from EGC
 Defeated retroactive application and got provision allowing companies to opt-out of EGC exclusions

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 **Tax Issues**

-  **Mobile workforce**
-  **Tax Preparer Registration**
-  **Sound tax policy**
-  **Tax Return Due Date Project**
-  **IRS Preparer Compliance Visits**
-  **FBAR and FATCA**


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 **Lame Duck Issues**

- Super committee automatic cuts
- 2% withholding expiration
- New debt ceiling
- Estate tax
- Expiring tax cuts and more (AMT patch)



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 **Financial Reporting**

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Private Company Financial Reporting – Recent Key Events

2005	2006	2007	2008	2009	2010	2011	2012
AICPA to work with FAF and FASB to explore GAAP for private companies	Private Company Financial Reporting Task Force Report, AICPA ("Castellano Report")	Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies, FASB	AICPA and FASB start Private Company Financial Reporting Committee	AICPA supports for GAAP differences for private companies	AICPA Council, FAF and NASBA announce formation of Blue-Ribbon Panel	AICPA supports the work of Blue-Ribbon Panel	Panel releases final report
						FAF decision May 23	AICPA supports FAF's new PCC
							AICPA announces financial reporting framework for SMEs

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New Private Company Council


- FAF approval May 23
- Final report May 30
- 1st meeting 4Q 2012
- FAF Trustee Group continual oversight

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What Changed from FAF Proposal?

- Endorsement vs. Ratification
 - Similar to negative clearance
 - 60 days
 - Written explanation of veto
- FASB influence reduced
 - PCC Chair not from FASB
 - Joint agenda authority
- Stakeholders monitoring
 - 3-year sunset
- FAF supports AICPA effort
 - FAF supports AICPA framework for SMEs where US GAAP not required

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 **Financial Reporting Framework for SMEs**

- Privately held small & medium enterprises
- Less complicated, less costly
- US GAAP financial statements not needed
- FAF supports as "important and complementary"
- Framework to undergo due diligence
- Expected release first half 2013

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 **SEC Decision on IFRS**



"The [SEC] is expected to publish a report on the question of adopting international accounting standards within the next several weeks."


- **New York Times (May 10, 2012)**

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 **FASB/IASB Convergence Projects**


- Revenue recognition → Final standard expected 1Q 2013
- Leases → Re-exposure 2H 2012
- Financial instruments → Final mid-2013
Various aspects re-exposed throughout 2012
- G20 eyes 2013 → In April 2011, G20 affirmed desire for convergence projects to be completed by mid-2013

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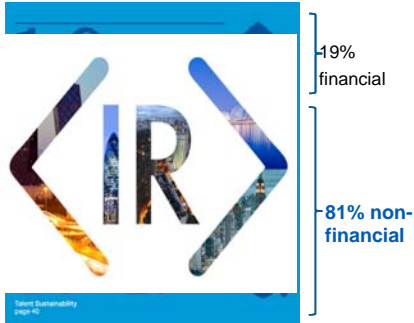
 **A&A Roundup**

SAS Clarity	COSO	Single Audit
<ul style="list-style-type: none">• New standards provide context• Effective for periods ending on or after Dec. 15, 2012	<ul style="list-style-type: none">• Internal Control-Integrated Framework• Final Framework expected early 2013• aicpa.org/COSO	<ul style="list-style-type: none">• OMB Advance Notice: proposed single audit revisions• AICPA issues comment letter


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 **Integrated Reporting**

PepsiCo Annual Report



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 **Supporting CPAs**

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 **CGMA**




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 **Specialty Credentials**




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 **Technology**


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Evolution of Technology



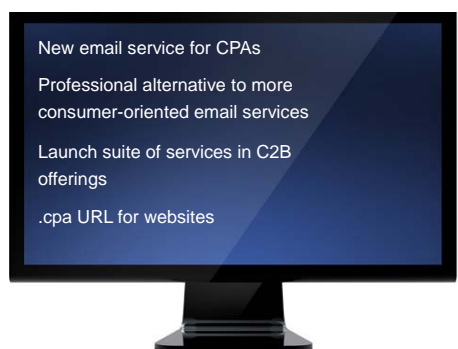
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Mobile Site, Apps and Ebooks




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CPA.com & .cpa



New email service for CPAs
Professional alternative to more consumer-oriented email services
Launch suite of services in C2B offerings
.cpa URL for websites

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CPAs' Public Service

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Committed to Serve

Experienced CPAs project
Engage in financial discourse
Serve the community

- School boards
- State/local government
- Non-profits

Veteran Fast Launch

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Financial Literacy

Since January more than **360degrees** of Financial Literacy

360degrees of taxes American Institute of CPAs

Feed the Pig.org

NYSE Euronext Financial Literacy Week

Unique Online and Print Resources

12 Awards in 2012	2,000+ New Facebook fans	600+ New Twitter followers	400 Outdoor media placements	9,988 Radio and television spots
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 Calculate Today. Plan for Tomorrow.



www.Totaltaxinsights.org

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 What's At Stake




\$14.8T
U.S. cumulative deficit

\$61T
The U.S. cumulative deficit plus social insurance obligations

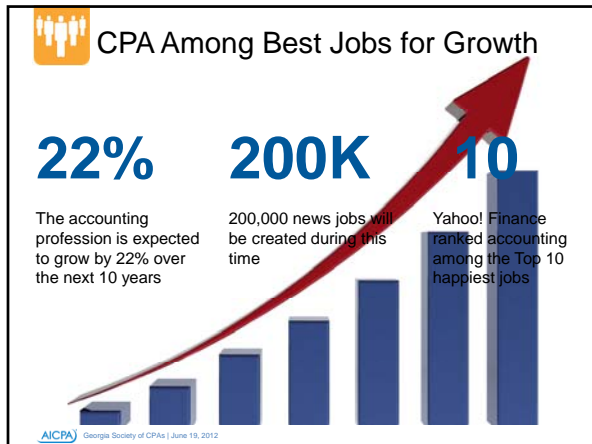
<http://www.aicpa.org/WhatsatStake>

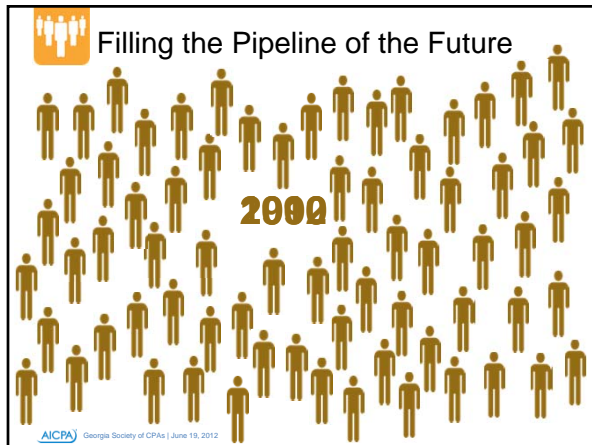
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Developing CPAs

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Human Capital

- Women
- Diversity
- Leadership
- Quality Career


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 International CPA Exam


9,300 Sections

Exploring other expansion opportunities

Japan
Bahrain
Kuwait
Lebanon
UAE
Brazil



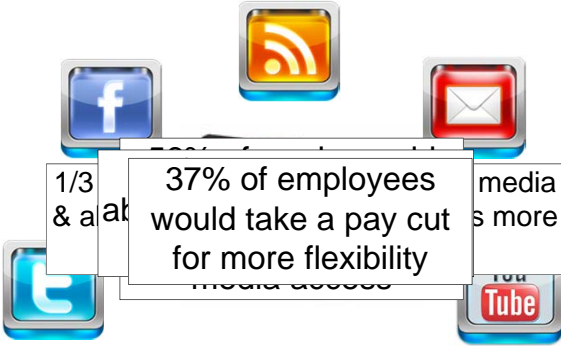
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 Gen Y Changing Office Structure

1/3 & a lot more

37% of employees would take a pay cut for more flexibility

media access



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 125th Anniversary

CELEBRATING
AICPA
125 YEARS

aicpa.org/anniversary



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Professional Issues & Initiatives

Advocacy

- Fed/State Legislation & Regulation
- Regulatory Restructuring
- Tax
- Uniformity & Mobility
- Public Policy Issues

People

- CPA Exam
- Young CPAs
- Student Recruitment
- Minority Initiatives
- PhD Creation & Support
- 150 hour

International

- IFRS
- ISAs
- CGMA

International CPA Exam

Financial Literacy

Prof. Excellence & Public Interest


- Tax Preparer Registration
- Enhanced Business Reporting
- SOC Reports
- Private Company Financial Rep
- Sustainability
- Audit Quality
- Clarity Project
- Peer Review & Ethics
- Private Companies Practice Section
- Specialized Communities & Credentials
- CPA Horizons 2025
- Business, Industry & Government

CPA Reputation

Competition & Risk

Operational Excellence

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