

Accelerate & Lead

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Guiding principles

The Association of International Certified Professional Accountants

We provide the world's most highly skilled accounting and finance professionals with the knowledge, insight, and foresight to meet the demands of a disruptive world. Our members and candidates form the largest and most influential global network of management and public accountants.

They are on the front lines of virtually all industry, firm, and financial issues.

Formed by members of the American Institute of CPAs® (AICPA®) and The Chartered Institute of Management Accountants® (CIMA®), the Association of International Certified Professional Accountants (the Association) builds on a heritage of excellence with more than a century of experience.

Harnessing the strengths of AICPA® & CIMA®, the Association works to power trust, opportunity, and prosperity for people, businesses, and economies worldwide.

Members of AICPA and CIMA are also members of the global Association supporting CPA, CGMA®, and other designations that signal completion of rigorous learning and testing, ongoing competency development, and ethical behavior.



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CPA.com, our business and technology subsidiary, brings innovative solutions to the accounting profession, directly through development or in partnership with leading technology providers. The company is an established thought leader on emerging technologies and a trusted business adviser to practitioners in the U.S., with a growing global focus.



About this report

We are proud to present the 2023 Association Integrated Annual Report. Informed by the Integrated Reporting Framework from the International Integrated Reporting Council (IIRC), which now operates within the broader governance framework of the IFRS® Foundation, and leveraging our proprietary CGMA Business Model Framework, this report explains how the Association has created value over the last year, how we have recognized the full range of factors that affect value creation for stakeholders, and what we have done to support integrated thinking and planning. This report is a cooperation among many areas of our organization. It outlines how each layer of our business is creating a future-ready profession and is working tirelessly to power trust, opportunity, and prosperity for those we serve — today, tomorrow, and beyond.

Audit and Finance Committee oversight

The Association’s Audit and Finance Committee, comprising member volunteers, reviews the Integrated Report with management before submitting it for approval by the Association’s Board of Directors. The Committee has confirmed that it has applied its collective mind to the preparation and presentation of this report and that, in its considered opinion, it is presented in accordance with the IIRC Integrated Reporting Framework.

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Okorie L. Ramsey, CPA, CGMA



Sarah Ghosh, FCMA, CGMA



Barry Melancon, CPA, CGMA

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Letter from leadership

2023 once again tested the world’s resilience. Yet, our optimism for the future remained steadfast.

From geopolitical unrest to high inflation rates, economic instability, and speculation of recession, uncertainty was the year’s key theme. Our profession also experienced its fair share of uncertainty: artificial intelligence (AI); talent and trust; environmental, social, and governance (ESG); and sustainability practices were just a few topics of much discussion and scrutiny. However, our global member community never lost sight of building a brighter future.

CPAs and CGMA designation holders worked tirelessly to lead through this uncertainty and disruption, providing clarity and stability for individuals, organizations, and economies in a world of constant change, and earning trust, propagating opportunity, and driving prosperity along the way. We showed once again that our profession can withstand adversity, enhance trust, and cultivate resilience even through the most unexpected turbulences.

Over the last 12 months, we served our profession and the public interest, while shaping paths to seize the future.

The Association of International Certified Professional Accountants — through its combined power of AICPA and CIMA — used its strength, influence, and resources to support members, candidates, firms, and corporate finance functions as they tackled business, economic, and geopolitical headwinds.

Our voice advocating on several issues — such as auditing and assurance, financial and business reporting, ESG reporting, tax, CPA licensure, CGMA recognition, and ethics — was heard by governments, regulators, legislators, and policymakers around the world, including in Washington D.C., Brussels, London, and Beijing.

We continued to make good progress on our Enhancing Audit Quality (EAQ) initiative, taking a data-driven approach to identify key trends and develop relevant resources and guidance. Through EAQ, we helped practitioners deliver audit results that are robust, transparent, and trusted, aiming to improve stakeholder confidence in business and generate long-term value for society as a whole.

We delivered practical guidelines and toolkits in key areas such as AI; finance; digital assets; transformative skills; firm business model transformation and evolution; audit quality; diversity, equality, and inclusion (DEI); and ESG. Our strength as a convener enabled the profession to address topics such as sustainability, inclusion, and innovation. Through our global program of conferences, town halls, and events, we reached thousands of accounting, finance, and business professionals around the world to keep them updated on the latest trends, insights, and practices.

We now live and work in a world where the pace of change is relentless. Helping our members and our profession keep pace remains at the heart of everything we do.

Advanced technologies — like AI, cloud computing, business intelligence, and data analytics — are enhancing the quality, accuracy, and speed of services provided. As a profession, we need to anticipate and advance through innovation — this is how we will stand above and deliver value.

In 2023, we continued to provide accounting and finance professionals with tools for growth and transformation. We updated and relaunched our Global Management Accounting Principles (GMAP) — the blueprint for management accounting theory and practice — which outlines how finance professionals can enhance sustainable decision-making and drive long-term value creation for their organizations.

Along with CPA.com, we went live with the third release of the Dynamic Audit Solution (DAS), a fully integrated, cloud-based solution designed to evolve the financial statement audit methodology, and launched the very first Generative AI Toolkit. Moreover, CPA.com's Digital CPA Conference, Technology Symposium series, and Executive Roundtables brought together thought leaders in emerging areas affecting finance and accounting such as ESG, blockchain, and AI.

Investors, clients, customers, employees, and regulators are driving demand for greater organizational transparency that looks beyond traditional financial metrics. As a result, ESG and sustainability matters are becoming integrated into business strategy and enterprise risk management.

To support this, and champion the profession's role within the ESG and sustainability ecosystem, we created a wide range of resources, covering areas such as strategy and risk management, environmental and social concerns, and sustainability reporting and assurance. Our Fundamentals of ESG Certificate remained a popular program for accounting and finance professionals seeking to be at the forefront of ESG and sustainability reporting. The ESG and Sustainable Financial Strategy Course, an executive management program developed in partnership with Saïd Business School at the University of Oxford, received its first cohort. And we sponsored the inaugural IFRS Sustainability Symposium and hosted our second annual CPA.com ESG Symposium, bringing together various stakeholders ranging from accounting firms to businesses to investors.

At the Association, we also continued our own business transformation journey, upgrading our systems and investing for the future benefit of our members, candidates, and the organizations they work for. This work has come with its own challenges and has not gone as smoothly as we would have liked, but we closed the year off having consolidated our legacy systems into a single platform. This transformation will allow us to greatly improve the personalization of content and communications to offer a much better member and candidate experience in the coming years. We appreciated your patience and understanding as we navigated through this process.

We stayed true to our commitment to develop the next generations of accounting and finance professionals, keeping both traditional and emerging practices in sight.

As a profession, we cannot ignore demographics. Many baby boomers are at or reaching retirement age, and the numbers entering the workforce in developed economies are shrinking. The profession is feeling the results of this, with talent and skills gaps affecting businesses and accounting firms' needs. To address it, we enhanced our efforts to grow the pipeline of new accounting and finance professionals over the past 12 months.

Through 2023, we continued to drive recognition of the CGMA designation around the world, strengthening relationships and growing collaborations with universities, accounting bodies, and regulatory bodies across the globe. We also put great emphasis on broadening the number of pathways into the profession and adapting them to different generations, all with different needs, expectations, and motivations. The CGMA Finance Leadership Program, our fully digital pathway to completing the CGMA Professional Qualification and earning the CGMA designation, saw well above expected enrollments in the U.K. and Ireland. We also experienced great success for our registered apprenticeship programs in England, Wales, and the U.S., opening up new career opportunities for a wider number of young people. We furthered our efforts to advance the recognition of CGMA designation holders in China with two additional cities — Shanghai Pudong and Suzhou — adding the CGMA designation on their lists of recognized professional qualifications.

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In addition, we released the first findings of our Future of Finance 2.0 research program, which explores the future of the management accounting and finance profession in this age of disruption and uncertainty. The program findings will underpin the development of AICPA & CIMA's flagship management accounting qualification, the CGMA Professional Qualification, as well as other certifications, thought leadership, and learning resources.

Simultaneously, we continued to prepare for the launch in January 2024 of the new CPA Exam, which deepens the skill sets, competencies, and knowledge of emerging technologies and their impact on tax, financial planning, accounting and auditing, and business reporting. We worked closely with partners — including the National Association of State Boards of Accountancy (NASBA), state CPA societies, colleges, and universities — to navigate the current talent challenge in the profession. Additionally, we continued executing on our Pipeline Acceleration Plan. We notably launched the Experience, Learn and Earn (ELE) program developed in collaboration with NASBA. And in July 2023, we convened the formation of the U.S. National Pipeline Advisory Group (NPAG) to help shape a strategy to address the profession's talent shortage, including accounting students who go on to obtain a CPA license.

Together, we are serving the profession.

We have so much to be proud of in serving our members, candidates, and profession in 2023. It is a privilege to provide our 597,000 strong community of members, candidates, and registrants¹ with the tools, resources, and voice to transform the accounting and finance profession, help drive sustainable success for clients and organizations; champion inclusion, equity, and fairness in the profession; and support its work to serve the public interest.

We assess our key performance indicators (KPIs) every year to support our prioritization efforts and ensure that we continue to deliver value to the profession. As a result, we moved away from including engaged professionals in our KPIs to focus on members, candidates, and registrants, to better reflect our contributions to advancing the accounting and finance profession worldwide.

In 2024, we will continue to:

- Make our profession more attractive to younger generations.
- Raise standards through upskilling and reskilling of CPAs and CGMA designation holders.
- Be the voice of the profession with governments and regulators.
- Help accounting and finance professionals embrace digital acceleration.
- Focus on diversity, equality, and inclusion.
- Serve as a leader in sustainability and ESG.

To remain successful, both as the Association and as a profession, we know that we must do more than adapt and thrive — we must accelerate and lead into the future. We have a lot to look forward to.

Together, let's seize the moment, let's seize the future.



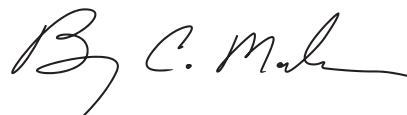
Okorie L. Ramsey, CPA, CGMA

Chair, Association of International Certified Professional Accountants
Chair, American Institute of CPAs



Sarah Ghosh, FCMA, CGMA

Co-Chair, Association of International Certified Professional Accountants
President, The Chartered Institute of Management Accountants



Barry C. Melancon, CPA, CGMA

CEO, Association of International Certified Professional Accountants
President & CEO, American Institute of CPAs

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¹ Registrants are CGMA candidates who have paid their subscription fees but have not yet taken an exam.

2023 highlights



- ▶ Protected the CPA licensure model and CPA mobility and continued to invest in audit quality initiatives and professional standards.
- ▶ Released thought leadership reports to address economic productivity and business performance issues.



- ▶ Advanced recognition of the CGMA designation and adoption of the CGMA Finance Leadership Program worldwide.
- ▶ Elevated our efforts to grow the CPA pipeline, convening the establishment of the National Pipeline Advisory Group.



- ▶ Supported practice quality with enhanced resources and new practice aids in audit, firm management, and tax.
- ▶ Launched our new CPE & Learning online platform to help accounting and finance professionals improve and update their skills.



- ▶ Went live with the second edition of the Global Management Accounting Principles and the third release of the Dynamic Audit Solution.
- ▶ Published a new strategic planning toolkit and the CPA.com Generative AI toolkit.



- ▶ Launched our new AICPA & CIMA website to improve member and candidate experience through a one-stop-shop digital platform.
- ▶ Recognized as an employer of choice in the U.K. and Malaysia.

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Strategy and 2023 performance

In 2023, our strategy focused on transforming the global accounting and finance profession, ensuring that it remains relevant and continues to deliver on its purpose of powering trust, opportunity, and prosperity for individuals, communities, organizations, and economies now and in the future.

To achieve our mission, we identified five strategic goals to help the profession accelerate and lead into the future. This section provides an update on how we performed against these goals in 2023.

Serving the public interest

We invest in building trusted relationships, advocate for positive reforms, and provide cutting-edge resources to support and guide the profession, fostering greater transparency, integrity, and prosperity in a complex and ever-changing world.

- ▶ Tracked, reviewed, and provided guidance on 81 anti-regulatory bills in 30 jurisdictions with a potential negative impact on the CPA license. With the support of the Alliance for Responsible Professional Licensing (ARPL), we have helped CPAs as well as other technical professionals defeat and amend problematic legislation threatening the CPA licensure model and reasonable regulation of the profession.
- ▶ Promoted our CPA and CGMA designations as catalysts for long-term economic growth and future skills development in the U.K., the E.U., South Africa, Hong Kong, China, Pakistan, Malaysia, and Indonesia.
- ▶ Monitored and advised on various state professional issues — such as tax on professional services, AI, and ESG — affecting practitioners and firms. These areas continue to be hot button topics in many U.S. states and will remain key policy areas for the foreseeable future.
- ▶ Furthered our efforts alongside state CPA societies to promote the passage of STEM legislation in the U.S. Congress, including actively working to advance legislation that would secure STEM funding for K-12 education and the recognition of accounting as part of the U.S. Department of Homeland Security (DHS) STEM Designated Degree Program List. We continued to serve as the Secretary to the All-Parliamentary Party Group: Accounting for Growth for its next inquiry into recognizing accountancy as a STEM subject in the U.K.
- ▶ Responded to consultations on key policy reforms in the U.K. and the E.U., including sustainability, corporate governance, and tax planning.
- ▶ Continued to develop relevant resources and guidance for auditors, supporting audit results that are valued and trusted. We notably launched our Statement on Auditing Standards (SAS) No. 149, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)*; Audit Guide *Risk Assessment in a Financial Statement*; Audit Risk Assessment Tool; Practice Aid *Use of Technology in an Audit of Financial Statements*; and Practice Aid *Quality Management*.

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- ▶ Submitted responses to two International Sustainability Standards Board (ISSB) consultations and the Taskforce on Nature-related Financial Disclosures (TNFD) Framework, while also taking proactive measures to influence climate legislation in collaboration with the California State Society of CPAs.
- ▶ Grew our advocacy work around single audit with federal agencies including the U.S. Office of Management and Budget, the U.S. Department of Energy, the U.S. Department of Health and Human Services, and the U.S. Department of Education to help ensure that federal audit guidance remains clear, up-to-date, and in conformity with professional auditing standards.
- ▶ Set up a new advocacy working group to explore The Business of Government in the U.K. With the reform of central government being a priority for the next U.K. government, we intend to work with senior business leaders to explore what it can learn from best practices in business to create and deliver an integrated strategy across multiple disciplines.
- ▶ Provided input and feedback through 66 comment submissions and many discussions with the U.S. Department of the Treasury and Internal Revenue Service (IRS) officials on needed and proposed tax guidance and with congressional staffers on tax legislative proposals.
- ▶ Engaged with the Hong Kong SAR government ahead of the Financial Secretary's 2023–24 budget speech.
- ▶ Helped to shape priority guidance for provisions of the Inflation Reduction Act, P.L. 117-169; successfully advocated for the indefinite continuance of electronic signatures by the IRS; and were among the first groups to publicly draw attention to and have the IRS recognize the potential fraud in the employee retention credit (ERC) program associated with unscrupulous ERC mills.
- ▶ Launched a global ethics awareness campaign to promote ethical standards and practices in the accounting and finance profession. We notably created a new business ethics webpage, released resources on protecting CPA mobility and substantial equivalency, and hosted an event in Brussels, Belgium, moderated by *The Economist*.
- ▶ Supported and endorsed legislation to delay the implementation of the Beneficial Ownership Information (BOI) Reporting Rule required by the Financial Crimes Network (FinCEN). We also encouraged state CPA societies, AICPA members, and accounting firms to reach out to elected officials to encourage them to support the legislation and launched a BOI resource center providing guidance and tools for AICPA members.
- ▶ Established the Global Accounting Alliance (GAA) Influence & Advocacy Steering Group to help drive our global advocacy efforts.
- ▶ Continued our long-standing advocacy work to gain tax relief for victims of natural disasters by submitting additional recommendations on disaster tax relief, which were subsequently adopted by the IRS.
- ▶ Led a campaign aiming to maintain the rigor of the CPA licensure and related educational requirements.

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“I view my work as more than just a job, it’s a calling to contribute meaningfully to the success of my company, industry, and economy – the whole world.”

Agnieszka Kręciszewska, FCMA, CGMA
CFO and Board Member, Caparol Polska

A visionary leader who takes a holistic approach to business, Agnieszka is currently CFO and a Board Member of Caparol Polska, a market leader in insulation systems and decorative paints. She seamlessly blends organizational management with her deep understanding of finance and law to steer her organization toward greater heights. She has received several professional accolades for her accomplishments, including being named *Polish Business Leader of the Year* by the Business Centre Club.

Agnieszka also champions the advancement of women in the profession through cultivating an inclusive workplace, providing mentorship opportunities, and fostering a diverse leadership culture.

Agnieszka believes that the future of the profession will be shaped by a dynamic balance between digital transformation, global connectivity, ethical imperatives, and cultural shifts. She sees tomorrow’s accounting and finance professionals as more than merely safeguards of an organization’s financial well-being; they will also be architects of positive change, helping their organizations navigate a complex environment with resilience, innovation, and a steadfast commitment to delivering lasting positive social impact.

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Developing future professionals

We work every day to find and attract new accounting and finance professionals to the profession. In the past 12 months, we have continued to enhance our efforts to build and sustain a strong and diverse talent pipeline, ensuring the long-term growth, relevancy, and sustainability of the profession.

- ▶ In partnership with the National Association of State Boards Accountancy (NASBA), announced the launch of our Experience, Learn and Earn (ELE) program, an innovative postgraduate program designed to help resolve some of the financial hurdles to college graduates' pursuit of the CPA license.
- ▶ Published our Future of Finance 2.0 emerging theme paper series. Made of four reports, the series outlines key trends from interviews and roundtables conducted as part of AICPA & CIMA's Future of Finance 2.0 research program, which explores the future of the management accounting and finance profession and its broader ecosystem, defining essential skills, competencies, and knowledge needed to succeed in an ever-changing business world.
- ▶ Worked to develop the CPA pipeline by convening the establishment of the National Pipeline Advisory Group (NPAG) to shape a national strategy addressing the U.S. accounting profession's talent shortage.
- ▶ Achieved significant growth for the CGMA Finance Leadership Program. We experienced particularly strong interest for the program in the U.K. and Ireland. CGMA Finance Leadership Program candidates now represent 35% of all CGMA candidates sitting the Case Study Exams of the CGMA Professional Qualification.
- ▶ Updated the CPA Exam Syllabus, reflecting the changing skills and knowledge needed by CPAs, in partnership with NASBA ahead of the CPA Evolution Exam launch in January 2024.
- ▶ Introduced the Foundational Level of the CGMA Professional Qualification to the CGMA Finance Leadership Program, making the program accessible to a greater number of candidates.
- ▶ Rolled out our Career Launchpad, an AI-guided program for future accounting and finance professionals, which provides them an opportunity to access real-world career stories and expert advice, as well as participate in simulated real-world interviews.
- ▶ Built on our efforts in China and continued to advance recognition of the CGMA designation and foster highly skilled finance and accounting professionals in the country, achieving two additional City Recognitions with Shanghai Pudong and Suzhou. We have now secured a total of nine City Recognitions in China.
- ▶ Experienced a 10% increase in first-time candidates taking the CPA Exam, successfully meeting our year-end targets. In 2023, we also saw a 10% increase in the number of candidates sitting the CGMA Case Study Exams and a 15% increase in the number of CGMA Exams delivered.
- ▶ Continued to see steady growth for our England and Wales apprenticeship program. Apprentices now make up 22% of new CIMA members in the U.K., a 5% increase from the previous year.

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- ▶ Secured commitment from 19 employers across 15 sectors for our U.S. Registered Apprenticeship for Finance Business Partners program. CareFirst BlueCross BlueShield and Stanley Black & Decker (NYSE: SWK) signed up to join a roster of employers in the program, including AON (NYSE: AON), HP (NYSE: HPQ), Liberty Bank, Hypertherm Associates, and Messer Americas. At the end of 2023, we had over 200 apprentices in the program.
- ▶ Signed a Memorandum of Understanding (MoU) on Reciprocal Membership Arrangements with CPA Canada. The agreement enables CIMA members and CPA Canada members to concurrently become members of the other body, significantly enhancing their respective career opportunities and giving employers and clients greater access to accounting and finance talent.
- ▶ Piloted a youth apprenticeship program in high schools in Maryland, collaborating with three other entities to secure a \$1 million grant for launching and expanding our U.S. Registered Apprenticeship for Finance Business Partners program.
- ▶ Integrated our CGMA and CPA Academic Champion Programs into a single initiative. We launched the AICPA & CIMA Academic Champion Program, an exclusive global community to discuss trends in accounting education and share best practices, to almost 200 individuals around the world.
- ▶ Targeted 10,000 high school teachers and college teachers on This Way To CPA, 13,000+ individuals via the Extra Credit monthly newsletter and over 700 educators monthly via our Faculty Hours webinar series through our Academic and Student Engagement (ASE) promotion.
- ▶ Launched our CGMA Professional Awards Africa to recognize the outstanding work done by businesses, universities, educators, CGMA candidates, and CIMA members to shape the future of the accounting and finance profession throughout the African continent.
- ▶ Awarded close to \$2 million in scholarships, grants, and fellowships to students for the 2023–2024 academic year.
- ▶ Held our annual Accounting Scholars Leadership Workshop and Accounting Pipeline Diversity Symposium to help build a strong and diverse talent pool.

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“Finance is in a unique position to connect the dots cross-functionally and holistically to add value to the business.”

Ted Delgado, CPA, CGMA

Finance Vice President and Controller — Retail Distribution, McLane Company

An experienced finance leader dedicated to building cross-functional partnerships to drive business performance and achieve sustainable growth, Ted is currently Finance Vice President and Controller — Retail Distribution at McLane Company, one of the largest supply chain services leaders providing logistics solutions to retailers across the U.S.

Ted realized early on that becoming a finance professional would give him the opportunity to work in all areas of a business, opening the doors to a diverse range of professional experiences. However, because he did not study accounting as an undergraduate, Ted knew that gaining in-depth accounting knowledge and completing additional educational requirements would be key to become a respected finance leader. That’s why in addition to being a CPA, he decided to take a more holistic and practical approach to business and finance by earning the CGMA designation.

Throughout his career, Ted has been passionate about elevating finance teams to the highest levels of cross-functional influence and partnership, moving from delivering financial results and compliance to supporting long-term value creation within their organizations. He is certain that, in any business environment, accounting and finance professionals who can effectively connect the dots and seamlessly collaborate with colleagues across their organizations will continue to be highly sought after.

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Transforming professionals

Lifelong learning is critical to keep up with industry trends, develop the ability to adapt and respond to new circumstances, and gain new skills to stay relevant in a competitive talent landscape. We remain committed to upskilling and reskilling accounting and finance professionals through our learning resources, credentials, and certificates.

- ▶ Launched our new CPE & Learning online platform to help accounting and finance professionals improve and update their skills to take advantage of the accelerating digital business environment. We also integrated AI-powered learning tools into our ecosystem, including digital avatars allowing individuals to choose their presenter and preferred language, enhancing the overall learning and professional development experience for learners around the world.
- ▶ Held the largest ever edition of our flagship ENGAGE U.S. Conference, with over 3,500 accounting, tax, and finance professionals convening in Las Vegas, Nevada, and online. We also ran the third edition of our ENGAGE UK & Ireland Conference and Finance Awards in London, and the first edition of our newly merged ENGAGE CFO Strategy & Innovation Summit 2023 in Warsaw, Poland.
- ▶ Hosted the very first cohort of our ESG and Sustainable Financial Strategy Course in partnership with Saïd Business School at the University of Oxford.
- ▶ Continued to hold our biweekly AICPA Town Hall Series throughout 2023, reaching the milestone of 100 sessions with over 30,000 attendees tuning in on a regular basis. Since the launch in April 2020, attendance per session has tripled, resulting in more than 950,000 total views.
- ▶ Set up outside of the U.S. the *Management Accounting Global Forum*, a brand-new webcast series providing accounting and finance professionals with fresh perspectives and critical insights into current and emerging trends affecting the profession. In 2023, we held three sessions: “Finance and the Great Reshuffle”; “Understanding implications of latest ESG and sustainability standard changes on finance and corporate reporting”; and “CFOs, cybersecurity, and mitigating cyber risk.”
- ▶ Used our annual Global Women in Leadership Summits in the U.S. and the U.K. to educate accounting and finance professionals about gender equality, inclusion, and keeping the advancement of women as a major focus for the profession.
- ▶ Published a new framework designed to help organizations optimize performance and deliver sustainable value as part of phase 2 of our Integrated Performance Management (IPM) research project with the World Business Council for Sustainable Development (WBCSD).
- ▶ Offered the IFRS Fundamentals of Sustainability Accounting (FSA[®]) Credential, the premier, cross-functional credential at the forefront of sustainability disclosure and analysis, to AICPA and CIMA members at a discounted price.
- ▶ Released four additional modules of our free *Transformative Skills Pack* — “Digital Mindset,” “DEI Mindset,” “Creative Thinking Mindset,” and “Ethical Mindset” — to support our members and candidates in expanding their skill sets.
- ▶ Hosted the AICPA and CGMA Leadership Academies, our intensive four-day leadership programs for young accounting and finance professionals.
- ▶ Developed new audit and tax practice aids to help enhance accounting and auditing practices for the realities of the 21st century.
- ▶ Continued to demonstrate our commitment to DEI and amplifying diverse voices in the profession through our new Member Spotlight Series, our 25 Most Powerful Women in Accounting Awards, our Outstanding Young CPA Award, and the celebration of various cultural, religious, holidays, and events such as International Women’s Day and Pride Month.

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“Becoming a CGMA designation holder has opened up doors I never thought I would be able to step through.”

Khalid Ali, ACMA, CGMA
Business Controller, Ramboll UK

Having qualified as a Chartered Global Management Accountant in 2021 through CIMA's apprenticeship route, Khalid Ali is now a Business Controller for the global engineering and sustainability consultancy Ramboll.

As a finance business partner, Khalid plays a crucial role in guiding informed decision-making, capitalizing on opportunities, and addressing challenges to propel the organization forward and drive sustainable growth. Khalid is passionate about adding value at all levels of his organization. Whether it's by supporting financial growth, improving processes, championing DEI goals, or fostering a culture of excellence, he consistently strives to make a positive impact.

Having experienced firsthand the benefits of apprenticeship, Khalid is a strong advocate for advancing equality and promoting social mobility in the accounting and finance profession. In recognition of his efforts, Khalid was named Student of the Year at AICPA & CIMA ENGAGE Europe Conference and Finance Awards in 2021.

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Transforming firm and corporate accounting and finance services

We are supporting firms and employers in evolving their recruiting and talent models, service mix, and digital transformation to address challenges head-on and make the most of new opportunities, ensuring that they thrive now and in the future.

- ▶ Went live with the third release of our Dynamic Audit Solution (DAS), developed in partnership with Caseware International and CPA.com, in July 2023 with a cohort of early adopter firms performing live audits in the solution.
- ▶ Updated our Global Management Accounting Principles (GMAP) to help accounting and finance professionals steer their organizations toward high-value decision-making and sustainable success in the era of digital acceleration and ESG.
- ▶ Launched CPA.com's Generative AI Toolkit and resources, and hosted CPA.com's Digital CPA Conference, Technology Symposiums series, and Executive Roundtables as part of our ongoing commitment to build awareness and understanding of new and emerging technologies, including generative AI, and their potential impacts on the profession.
- ▶ Published the third edition of *State of Play in Sustainability Assurance*, our benchmarking study with the International Federation of Accountants (IFAC), which explores the global sustainability reporting and assurance landscape.
- ▶ Hosted our third annual Future of Finance Summit with the Future of Finance Leadership Advisory Group in the U.S. The Advisory Group has now grown to over 100 CFOs and senior finance leaders working for Fortune 500 companies as well as regional organizations.
- ▶ Hosted the second annual CPA.com ESG Symposium in September 2023 and our online AICPA & CIMA ESG and Sustainability Conference in December 2023. These events brought together accounting, finance, and business leaders to explore global trends, gain valuable insights on regulations, and discuss the value that accounting and finance professionals can deliver in this space.
- ▶ Published our *Accounting for Climate Resilience* educational brief, the last in our series of four interactive *Accounting for* briefs focused on sustainability and business.
- ▶ Released the second brief in our thought leadership series, *Corporate decision-making: Why choose a CPA for your ESG assurance needs?*, which includes a tool for evaluating sustainability assurance service providers and explores the topics of sustainability and assurance and the role of CPAs.
- ▶ Sponsored the inaugural IFRS Sustainability Symposium in Montréal, Canada, and a forum at the New York Stock Exchange to mark the launch of the International Sustainability Standards Board's (ISSB) first two standards: IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and IFRS S2, *Climate-related Disclosures*.
- ▶ Established a new research center in Central and Eastern Europe (CEE) to develop cutting-edge research, promote best practices, and drive innovation in management accounting to meet business needs in the region.
- ▶ Issued our PCPS Strategy Planning Toolkit, a resource designed to assist accounting firms in business model transformation and empower firms of all sizes to create a shared vision for the future of their organizations.
- ▶ Launched our *Finance and the Great Reshuffle* report in cooperation with PwC CEE, which examines the reasons behind the great reshuffle in the accounting and finance profession in CEE, and how organizations can turn this shift into a growth opportunity.
- ▶ Released the *Interstate Practice Compliance Checklist* as part of our efforts to help CPAs and firms understand how to continue to practice successfully and remain in compliance if their state's laws, rules, and regulations for CPA licensure change.

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“Being a CPA has brought me into a community of people who hold not only a common credential, but a common desire to operate at the highest standards of integrity and due care.”

Sara Lord, CPA
Chief Auditor, RSM US LLP

Sara’s interest in business began early on by watching her father build a successful career in management and taking a bookkeeping class in high school. She explored different business majors as an undergraduate, and accounting resonated with Sara the most due to its focus on problem-solving and critical thinking. She believed it would provide her with a solid foundation to build a wide range of careers in business.

Sara’s choice in early adulthood paid off. She is now the Chief Auditor at RSM US LLP – the leading provider of assurance, tax, and consulting services middle market in the U.S. – where she focuses on audit policy, technology, innovation, and quality management. She particularly enjoys collaborating with a variety of stakeholders to create comprehensive, relevant, and up-to-date guidance for both the audit and standards-setting processes.

In addition to her busy career, Sara has also been an active AICPA volunteer and is currently Chair of the AICPA Auditing Standards Board (ASB). Composed of 17 members, the ASB is responsible for creating comprehensive standards and practice guidance that enable practitioners to provide high-quality, objective audit, and attestation services, while balancing the needs of CPA firms and clients they serve.

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People, culture, and capabilities

Our people are central to what we do. Through our 32 offices, we support our members, candidates, registrants, and stakeholders worldwide, always cultivating an innovative and collaborative mindset to grow our capabilities and services to deliver our vision for the profession and expand awareness of the Association.

- ▶ Launched our new aicpa-cima.com website to CIMA members to improve member and candidate experience through a one-stop-shop digital platform.
- ▶ Continued our journey toward making the CGMA designation the global standard for management accounting through a vote at the CIMA Annual General Meeting (AGM) to change the name of CIMA designations to CGMA and CGMA Fellow for new members.
- ▶ Drove CGMA recognition worldwide through *The Power of CGMA* integrated communications campaign.
- ▶ Engaged with members and candidates around the world to gain valuable insights into the state of the global accounting and finance profession and help develop strategies to address key areas such as digital transformation, DEI, ESG, and CPA and CGMA pipelines.
- ▶ Worked with our 2,000 volunteers to help present the needs of AICPA and CIMA members and support the Association in promoting their interests with external stakeholders, serving as spokespersons for the profession, and providing appropriate services.
- ▶ Launched our new Employee Value Proposition to define who we are as an employer, making a commitment to our existing and prospective employees to do what matters and support their long-term success.
- ▶ Enhanced our DEI efforts across the Association to continue building a diverse and inclusive workplace. These included creating greater diversity in our candidate pool through the use of inclusive language and targeting specific candidate forums, launching a nonselective approach to leadership development to create a broader internal candidate pool for leadership roles, and putting a greater focus on support for neurodiverse employees. At the end of 2023, we had already reached 60% of the goals we set to complete by 2025.
- ▶ Recognized as one of the U.K.'s Best Workplaces by Great Place To Work® U.K, and named one of HR Asia Best Companies to Work for in Asia 2023 – Malaysia.
- ▶ Won a Brandon Hall Group Gold award for Excellence in Technology for our SMART Learning Transformation framework.
- ▶ Had our Fundamentals of ESG Certificate recognized as one of the top new 2023 products by *Accounting Today*.
- ▶ Saw nine members² of our executive and leadership teams ranked among the 2023 Top 100 Most Influential People in Accounting by *Accounting Today*. In addition, CIMA President and Co-Chair of the Association, Sarah Ghosh, was named among the 2023 Top 50 Women in Accounting, and CEO of the Association and President & CEO of the AICPA, Barry Melancon, received a Lifetime Achievement Award at the 2023 International Accounting Forum and Awards (IAFA) in recognition of his contributions to the accounting and finance profession.

² Erik Asgeirsson, CEO and President, CPA.com; Jennifer Burns, Chief Auditor; Sue Coffey, CEO – Public Accounting; Crystal Cooke, Director – Diversity and Inclusion; Tom Hood, EVP – Business Engagement and Growth; Barry Melancon, Association CEO and AICPA President & CEO (18th consecutive year in the Top 100); Carl Peterson, VP – Small Firm Interests; Okorie L. Ramsey, Chair of the Association and the AICPA; and Lisa Simpson, VP – Firm Services

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Goals not fully met*

As we continued to navigate a challenging and uncertain environment, we had to remain flexible and adaptable to ensure that we could bring the profession the support it needed and enhance our chances of accomplishing our goals. As a result, we had to reassess our priorities throughout the year, meaning that select key strategic actions were partially met or delayed.

- ▶ **Population targets.** We ended the year with a total Association population of 597,000, which is 15,000 below our target of 612,000 for AICPA and CIMA members, CGMA candidates, and registrants. At a macro level, our challenges stem from both a pipeline reduction and aging member population. Public accounting firms continue to change hiring practices as they expand their advisory services and hire fewer CPAs. We are reevaluating our recruitment and retention strategies, and we are working with our many partners — including universities, state CPA societies, and other accounting bodies — to optimize our efforts and drive interest in the accounting and finance profession. In addition, we continue to invest into our CGMA Finance Leadership Program, which builds on our CGMA pipeline and allows us to be more engaged with our candidates and registrants, which helps with matriculation into membership and ultimately retention.
- ▶ **Operating results.** Our revenue for the year was \$18.8 million above target, driven by the success of the CPA Exam and our global CGMA Finance Leadership Program. However, we closed the year with an operating deficit of \$5.7 million compared to a budget of break-even due to an increase in operating expenses primarily driven by increased travel expenses as we held more in-person events to drive member value and revenue and dual costs as we transitioned from our primary technology support vendor in 2023.
- ▶ **AICPA & CIMA platform.** We encountered some unforeseen challenges as we launched our new digital platform to CIMA members and CGMA candidates in April 2023. Despite our best efforts to optimize member and candidate experience prior to the launch, we had to deal with a number of resource constraints, capability gaps, and site issues, as well as a delayed launch for some of our core capabilities.
- ▶ **CPA pipeline.** We continue to build out and evaluate many of our recruitment initiatives into the profession but CPA pipeline trends remain challenging. With a declining number of U.S. accounting graduates, we continue to see fewer candidates sitting for the CPA Exam in the short- to medium-term. Although we expect this trend to persist, 2023 was a bright spot as we met revenue and administered exam goals, as candidates rushed to sit for the current version of the CPA Exam ahead of the launch of CPA Evolution in January 2024.
- ▶ **CGMA growth.** Although we made great progress on redesigning our B2B sales motions, and further bolstering our apprenticeship pipelines, our limited sales support and disruption from business reorganization caused us to miss some of our targets for the CGMA Finance Leadership Program and apprenticeships.

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* Operating targets and results exclude related organizations and affiliates of the Association's founding membership bodies as well as market-driven changes in investments and pension.

Meet our members



“Being part of one of the world’s largest professional bodies enables you to overcome challenges with confidence.”

Damith Pallewatte, FCMA, CGMA
Acting CEO, Hatton National Bank

A banking professional with over 28 years of experience, Damith is currently Acting CEO at Hatton National Bank, one of the largest commercial banks in Sri Lanka. He also serves as Chairman of Lanka Ventures and LVL Energy Fund, two companies listed on the Colombo Stock Exchange, and is actively engaged in both venture capital and renewable energy projects in South Asia.

As a senior accounting and finance leader, Damith has spearheaded the design and execution of solutions to critical issues within the financial industry, both with well-known consultancy firms and multilateral organizations such as the International Finance Corporation (IFC) and the Asian Development Bank (ADB). He also has strong expertise in providing tailored financial solutions to the corporate and SME sectors.

Damith attributes his growth – both personally and professionally – to his CGMA journey, which equipped him with the strategic skills and confidence to tackle business matters head-on. In his view, completing the CGMA Professional Qualification is essential for any C-level executive seeking to thrive in today’s business landscape.

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Delivering on sustainability

Sustainability continues to be an integral part of the accounting and finance profession and the Association. Throughout this report, we have outlined our key initiatives to achieve business sustainability in 2023 as well as our ambitions for the coming year. This section discusses activities relating to our commitment to net zero greenhouse gas emissions.

The path to net zero

In October 2021, we made a public commitment to develop a plan to reach net zero greenhouse gas emissions as soon as possible and report annually on our progress. We also pledged to provide resources to our members, candidates, and registrants to assist them in their own journey toward a more sustainable planet.

The Association began implementing sustainability initiatives to increase energy efficiency and reduce waste long before making our 2021 commitment to achieve net zero emissions, but we only recently began tracking and calculating our carbon emissions. In 2023, we expanded the scope of our carbon footprint calculations and tracking, marking a significant milestone in our journey.

Our reporting now includes Scope 2 greenhouse gas emissions data for our six largest offices, achieving over 80% coverage in both space and headcount, and Scope 3 emissions data for air travel for most of our staff and volunteers, as well as lodging, meals, and entertainment resulting from business travel. We also continue to focus on capital goods and professional fees under Scope 3 because those activities make up most of our emissions. We do not have Scope 1 emissions.

As we head into 2024, we will continue to track and calculate our emissions from select areas and begin setting targets to develop a timeline and a pathway to achieve net zero emissions. This will require a cross-departmental effort to determine how and when we can make meaningful reductions to the Association's carbon footprint. Additionally, we will reduce our office footprint by right-sizing office space by about 50% in two of our larger offices. We will also continue to serve our members, candidates, and registrants with relevant resources and guidance on ESG and sustainability-related reporting, disclosure, and assurance requirements.

In 2023, we supported the profession in building sustainable economies and business models:

- Launched the ESG and Sustainable Financial Strategy Course, our joint executive management online program with Saïd Business School at the University of Oxford.
- Published the third edition of *State of Play in Sustainability Assurance* with IFAC and released our updated GMAP.
- Hosted the second annual CPA.com ESG Symposium and the AICPA & CIMA ESG and Sustainability Conference.
- Published our *Accounting for Climate Resilience* educational brief, the last in our series focused on sustainability and business.
- Sponsored the inaugural IFRS Sustainability Symposium in Montréal, Canada, and a forum at the New York Stock Exchange to mark the launch of the ISSB's inaugural standards, IFRS S1 and IFRS S2.
- Published *Corporate decision-making: Why choose a CPA for your ESG assurance needs?* as part of our thought leadership series exploring the topics of sustainability and assurance, and the role of CPAs.
- Held ESG and sustainability-focused webcasts addressing topics such as reporting and assurance, and carbon accounting.

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Beyond emissions

In 2023, we continued to provide opportunities for our employees to cultivate their own professional growth and create a supportive learning culture at the Association, ensuring that they can continue to deliver their best-in-class services and resources to our members and candidates. In addition, we made great strides with many of our DEI initiatives, championing equal opportunities, nurturing inclusion, and confronting biases within our organization, and we will set additional specific DEI goals for 2024.

As a membership organization serving one of the most trusted groups of professionals in the world, we strive to maintain the highest level of professional integrity in everything we do. In 2023, we continued to enforce awareness and accountability among Association employees on a range of topics, including anti-bribery, workplace harassment, and conflicts of interest.

Lastly, building and maintaining strong and effective partnerships are essential to help us achieve our goals and deliver on our commitments to members, candidates, and the profession. Over the past year, we have remained committed to entering into agreements with suppliers, partners, and contractors who align with our values and ethics. In 2024, we will look for further opportunities to strengthen and grow our engagement with organizations that share our commitment to ethical, sustainable, and responsible practices.

Paralleling our commitment to the environment, we kept social and governance issues at the forefront of our daily operations as we:

- Continued to offer and raise awareness of learning opportunities to our employees, including providing easy access to all our eLearning content and exploring new career paths through secondments.
- Ensured all our job advertisements and HR policies used inclusive language.

- Launched the *Conversations That Matter* webcast series to increase awareness of key DEI-related issues affecting our employees.
- Trained selected teams on competition law and anti-trust issues.
- Required all our employees to complete their annual Code of Conduct training, setting out our values, policies, and principles.
- Furthered our efforts to build a responsible and sustainable supply chain.

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“I could not have accomplished what I have in my career without being a CPA.”

Blake Vickers, CPA, CGMA
Head of Tax, Alamo Group

With nearly three decades of experience, Blake is an accomplished accounting and finance professional with expertise spanning U.S. federal, state, and international tax. He currently serves as Head of Tax at Alamo Group, a global manufacturing company, where he oversees tax matters across the company’s global operations.

While building a thriving career, Blake has dedicated a lot of his time to supporting the advancement of the profession and shaping key policy reforms, both in and outside the U.S., through volunteering with the AICPA. He notably chairs the AICPA Tax Executive Committee, has previously chaired the AICPA International Tax Technical Resource Panel, and served on several AICPA task forces. In recognition of his contributions to the profession, Blake was awarded the AICPA Distinguished Service Award for his tax policy work around the E.U. Digital Tax proposals and the OECD Pillars One and Two in 2019.

Blake is adamant that becoming a U.S. CPA significantly enhanced his career prospects. He sees the accounting and finance profession as an evergreen, forward-looking profession, one where professionals who can deliver high-quality work, uphold ethical standards, provide accurate analyses, and offer clear solutions will always be in high demand.

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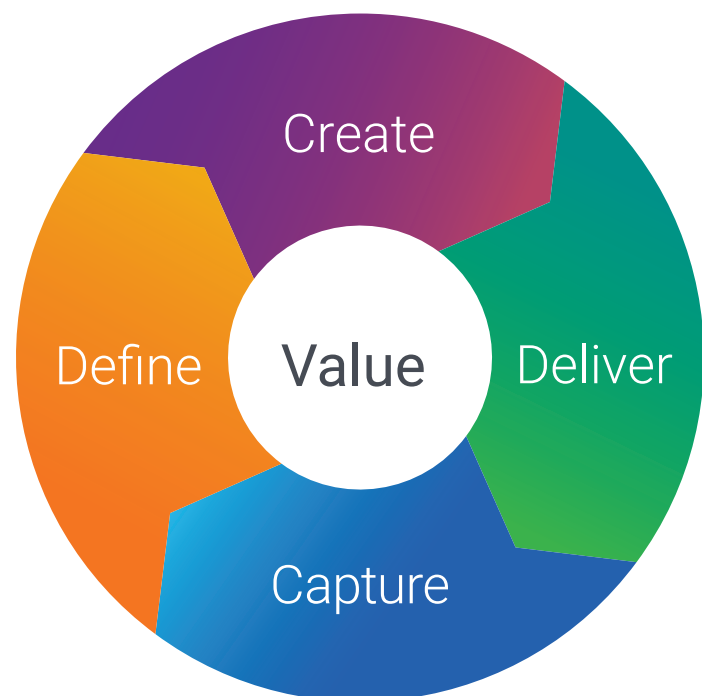
Value creation model

We support the profession and our members as they affect nearly every part of society and the global economy. Through their expertise, reliability, and ethical commitment, our members help advance the following:

- ▶ Trust in financial and ESG information for business owners, investors, lenders, private equity, the public, and other stakeholders.
- ▶ Economic recovery, growth, and job creation and protection, driven by strategic business decisions.
- ▶ Stewardship of resources supported by sustainable business practices.
- ▶ Effective systems of taxation built on tax compliance.
- ▶ Financial well-being of individuals, families, and communities.
- ▶ Economic opportunity and meaningful work for individuals who join the profession.

CGMA Business Model Framework

The Association applies its CGMA Business Model Framework to demonstrate how we create and preserve value over time. At a high level, the framework comprises four conceptual elements – define, create, deliver, and capture – that we use to focus on how value is:



Defined

by members and other stakeholders

Created

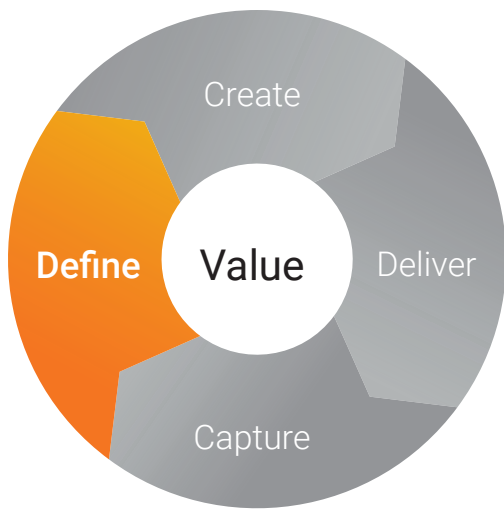
by harnessing key resources and relationships

Delivered

to ever-more demanding and sophisticated individuals

Captured

for reinvestment and distribution to members, stakeholders, and wider society



Define

For whom and with whom do we create value?

We create value for multiple stakeholders.

Public

- ▶ Trust in the global capital markets
- ▶ Power the success of business
- ▶ Promote DEI within the profession

Professional

- ▶ Shape future of accounting and finance
- ▶ Standards, quality, and ethics
- ▶ Local and global advocacy

Firms and employers

- ▶ Prepare for the digital future
- ▶ Consistency in talent and skills
- ▶ Learning, tools, and workflow

Engaged professionals

- ▶ Lifelong development opportunities
- ▶ Relevant and immediately applicable learning, knowledge, and insights

Members

- ▶ Tools, guidance, and thought leadership
- ▶ Competencies and relevancy
- ▶ Recognition, status, and career mobility

Candidates

- ▶ Employability and career opportunities
- ▶ Access to global network
- ▶ Globally recognized qualifications

Staff

- ▶ Exciting and meaningful work
- ▶ Create lasting impact in the profession
- ▶ Growth and advancement

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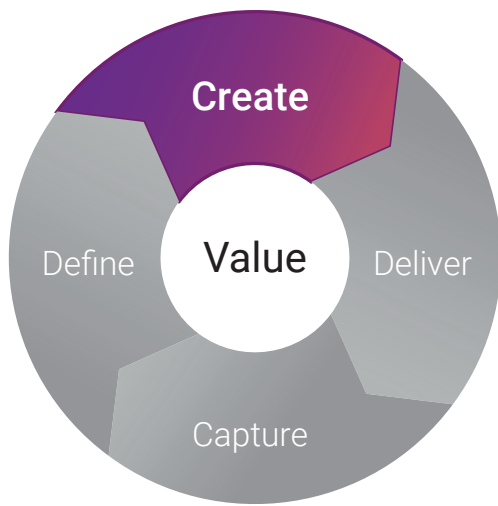
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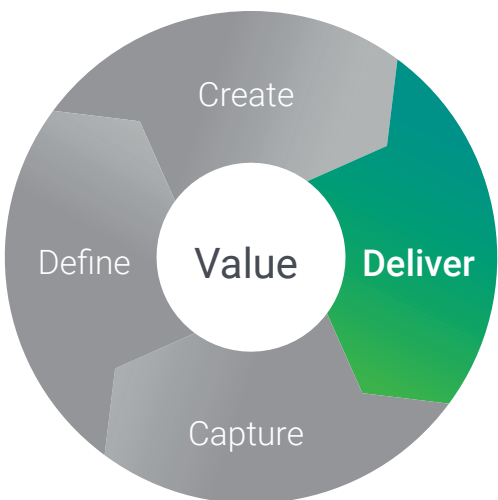


Create

How do we create the products, services, and experiences that meet stakeholder needs?

We create value by:

- ▶ Engaging with firms, businesses, and members worldwide to understand the big and emerging challenges of the day.
- ▶ Gathering the collective wisdom, data, and insights of subject matter experts, academics, and market research to develop solutions and learn to address those challenges.
- ▶ Advocating to protect the public by ensuring the profession remains highly skilled, relevant, and ethical.
- ▶ Leveraging partners and internal staff to develop resources that educate and inform, helping our members and candidates in the areas needed most.
- ▶ Working with member experts to develop thought leadership, standards, and guidance to help the profession stay up to date on regulations and legislation.
- ▶ Developing and evolving the Uniform CPA Examination, along with Prometric and NASBA, and creating and updating the CGMA Professional Qualification and CGMA Exam and Syllabus.
- ▶ Monitoring the external environment and updating our content, resources, and qualifications as needed.



Deliver

How do we match and deliver our products and services to the right people at the right price, time, and place?

We deliver value effectively and efficiently by:

- ▶ Using a variety of channels, including our key publications (*FM* magazine, the *Journal of Accountancy*, and *The Tax Adviser*), websites, email newsletters, social media, podcasts, and more.
- ▶ Offering an array of in-person and digital learning options in the form of videos, articles, conferences, webcasts, certificate programs, specialized credentials, and more.
- ▶ Optimizing our cost base by using digital formats wherever possible and limiting print and in-person formats to specific member and consumer needs.
- ▶ Developing and marketing solutions directly to individuals, firms and employers, and universities.
- ▶ Transforming our business model to reduce costs and improve service.

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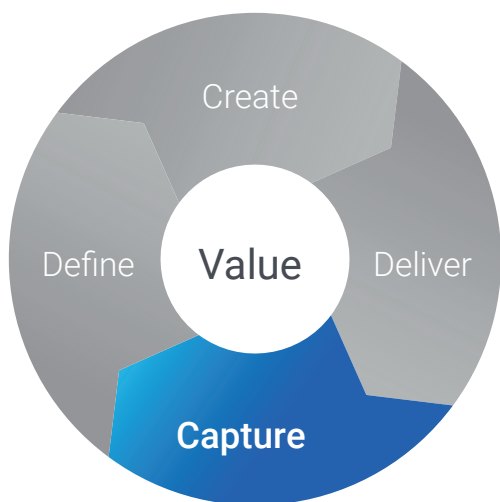
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Capture

How do we share the benefits of value creation to incentivize our partners to continue creating value with us?

We capture value by:

- ▶ Operating as not-for-profit organization and professional membership body.
- ▶ Reinvesting to deliver the support, education, and advocacy our members and the profession need to be successful and relevant.

We are focused on leveraging captured value to fund our mission, vision, and purpose, and reinvest in numerous facets of the profession. Considering the trends affecting the profession and our organization – including technological disruptions and younger generations’ changing needs – our business model will evolve to create and deliver value in the new global marketplace. The implementation of our strategic initiatives, especially to transform our organization, is essential to keep us relevant in the future.

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Meet our members



“If there’s one profession that doesn’t go out of style and is needed more than ever — it’s accounting and finance.”

Pretty Makukule, ACMA, CGMA
CFO, South African National Parks

Growing up in rural Bushbuckridge in Mpumalanga, South Africa, Pretty dreamed of becoming a doctor. However, she soon realized that this was not the right career path for her. Instead she chose to pursue a Bachelor of Commerce. She excelled throughout her university studies and was named Best Economics Student in her second year.

Fast forward 20 years. Pretty has become a seasoned, prominent, and award-winning public sector CFO in South Africa. She credits completing the CGMA Professional Qualification and earning the CGMA designation to enabling her to develop the skills, competencies, and knowledge she needed to further her career.

Pretty firmly believes that members of the profession have a responsibility to proactively inspire young people to pursue a career in accounting and finance. She sees the profession as a catalyst to helping young talent realize their full potential and build long-lasting, diverse careers and, most importantly, to empowering them to meaningfully contribute to their organizations, communities, and society at large.

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External business environment

In 2023, global destabilization due to macroeconomic headwinds and sustained geopolitical conflicts accelerated the following six critical trends, and we are carefully monitoring their implications and opportunities.

Rapid digitization of business models and services

The pandemic reshaped ways of working across the world, propelling the transition to hybrid models that became the new normal. Employers embraced new ways of working, with some even moving to an altogether remote work environment. However, new data has now emerged indicating that benefits of in-person collaboration have been overlooked or perhaps misunderstood. In response, employers across many industries are retracting previous commitments to remote work policies.

The integration of digital technology into all areas of a business radically changed how businesses operate and deliver value to customers, causing a cultural change that requires organizations to continually challenge the status quo, experiment, and get comfortable with the need to reassess and adapt.

Technology is a critical component of the business and workforce in accounting and finance. Today's essentials are AI, advanced data analytics, automation, blockchain, cloud, and cybersecurity. ChatGPT, and other highly accessible AI tools and technologies, are increasing in capacity exponentially, and businesses must capitalize on the opportunities they present while also mitigating risks they create. Ultimately, however, people are the key element to successful business adoption of technology.

Implications

- ▶ Rapid digitization of business models and services are challenging traditional business models at an unprecedented rate, challenging regulatory bodies to keep pace with changes.
- ▶ Technology is outpacing talent, leading to a skills gap.
- ▶ Businesses are coming to grips with the full impact of AI, which is resulting in a growing number of white-collar employees becoming anxious about long-term job security.

Opportunities

- ▶ Invest in digital technologies to remain relevant, reduce operational cost, and reduce human error.
- ▶ Adopt new technologies to allow accounting and finance professionals to focus on value-creating activities.
- ▶ Invest in upskilling accounting and finance teams, enabling them to gain the skills needed to maximize the capabilities of automation and become strategic business partners.

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Declining CPA pipeline

The CPA pipeline decline is the result of many factors, ranging from declining birth rates and U.S. immigration policy to lower college enrollment, high cost of education, competing majors in IT and data, changing values of young adults about college and careers, and a disconnect between starting salaries and realities of the modern labor market.

Lack of knowledge about the career coupled with declining numbers of graduates is leading to a larger gap in talent needed to sustain the profession. Discussions regarding educational requirements are underway with some believing that additional pathways that reduce the current educational requirement will increase the pipeline, while others remain strong supporters of keeping the current requirement in place.

Implications

- ▶ A lower number of students entering the profession will cause a gap in the profession's talent pool.
- ▶ Lack of awareness or knowledge and misperceptions of the profession leads to students not truly understanding the profession and the career opportunities it can offer, and not joining the profession.

Opportunities

- ▶ Showcase the long-term value proposition of the profession, including varied career opportunities, stability in good and bad economic times, and significant lifetime career earnings.
- ▶ Embrace the profession's vital role to serve local, national, and global businesses and communities.

Acceleration in upskilling and reskilling

The skills required in the accounting and finance profession are changing. Accounting and finance leaders realize that the skills their organizations need in the future are not the same ones they required in the past. As lifelong learners, accounting and finance professionals are used to adapting in a fast-paced environment to meet the new requirements put forth by an ever-changing global market.

Implications

- ▶ Skills gaps among accounting and finance professionals will remain a long-term challenge.
- ▶ Accounting and finance professionals who delay upskilling and reskilling risk being left behind and becoming obsolete.

Opportunities

- ▶ Upskill and reskill to enable accounting and finance professionals to develop the skills and competencies they need to remain competitive.
- ▶ Integrate corporate purpose and upskilling as a core tenet of business to support talent recruitment and retention.

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ESG and sustainability

ESG and sustainability continue to be top of mind, and demand for this information and action around these topics is rising globally.

With growing investor and regulator interest in ESG information, the reporting of ESG matters is moving from voluntary to mandatory. In addition, the location of ESG disclosures is moving from standalone sustainability reports to mainstream corporate and financial reports.

Implications

- ▶ Sustainability and engineering firms are emerging and competing with CPA firms in the sustainability assurance space.
- ▶ If the accounting and finance profession is too slow to adapt, it risks diminishing its relevancy in ESG and sustainability space.

Opportunities

- ▶ Bring the discipline of accounting and finance to the collection, analysis, and reporting of nonfinancial and ESG information.
- ▶ Empower CPAs to be the premier providers of sustainability assurance and related advisory services.
- ▶ Lead the integration of ESG into strategy and operations, and deliver internal and external reporting that drives long-term value creation.
- ▶ Advocate for a global set of sustainability standards.

Increasing global insecurity due to conflict

Global conflicts continue to bring high levels of economic uncertainty, tremendous supply chain disruptions, and high inflation around the globe.

Implications

- ▶ Higher cost of living is causing significant change in business priorities and needs.
- ▶ Global impacts on economy and businesses can hinder trust in the profession.
- ▶ Flexibility is essential to navigate these uncertain times.

Opportunities

- ▶ Draw on the unique abilities of accounting and finance professionals to bring vital insights and analysis to the table.
- ▶ Learn, unlearn, and relearn to develop a more efficient way of working that can bolster trust in the profession and grow momentum.
- ▶ Develop new ways of working to drive productivity, improve processes, and enhance flexibility in the profession.

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Outside investment dollars flowing into accounting

Private equity investments in accounting firms are accelerating rapidly and have the potential to reshape the profession. In the U.S., advisory services have grown from \$9 billion and 23% of Top 100 firm revenue in 2010 to \$45 billion and 31% in 2023. In the last five years, professional employees at Top 100 firms have grown at a 5% CAGR, and reached 313,000 in 2023, while hiring of accounting graduates declined.³ Emphasis around data analytics and visualization, cyber, and coding will promote more efficient and effective audits. Organizations will look to hire audit professionals with niche certifications (for example, ESG) and industry specializations.

Implications

- ▶ Overreliance on potentially faulty technology could damage the audit profession's reputation, threatening demand for our designation.
- ▶ Demand for CPAs might decline as advisory services continue to grow and firms deprioritize traditional CPA services.

Opportunities

- ▶ Drive specialized certifications and credentials (for example, ESG, blockchain, security, and quality of networks) for non-CPA professionals.
- ▶ Promote the CPA and the CGMA designations as critical variables in the "trust equation" for non-audit firms.
- ▶ DAS will help redefine the future of auditing by leveraging AI, automation, and data analytics to provide high-quality audits more effectively and efficiently.

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³ Accounting Today Top 100 Firms 2018–2023 Trend Analysis, AICPA & CIMA, March 2024.

Meet our members



“Finance teams need to increasingly understand the full scope of data their companies are capturing and how to leverage it to generate strategic insights.”

Janice Stucke, CPA
CFO, Achieving the Dream

After spending over a decade managing international refugee resettlement programs, Janice made the decision to transition into a corporate finance career and self-fund her education to earn the CPA license while working full time. She believed that becoming a CPA would showcase both her core accounting skills and her strong leadership skills, enabling her to become a purpose-driven finance leader. Today, Janice is the CFO of Achieving the Dream, a nonprofit organization dedicated to transforming the community college system in the U.S.

Janice is passionate about digital transformation and the benefits it can bring to accounting and finance teams. She truly believes that the future of the profession will be digital, one where we will see accounting and finance teams leverage data analytics, provide strategic insights, and foster cross-functional collaboration to effectively support their organizations' goals.

Having supported many mid-career professionals to become CPAs over the years, Janice is committed to helping others build successful careers in accounting and finance. And having herself recently embarked on the journey to become a Chartered Global Management Accountant, she also highly encourages those wanting to build corporate finance and accounting careers to explore this pathway.

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Risks and opportunities

In 2023, we wrestled with the profound impacts of high inflation, which resulted “higher for longer” interest rates that contributed to economic downturns in many of our key markets. In addition, while adverse market dynamics such as the Great Resignation subsided, we encountered new challenges brought on by sustained political tensions, including uncertainty around the 2024 U.S. election, the rise of the Israeli-Palestinian conflict, and the ongoing Russia-Ukraine War, all of which continued to create supply chain challenges for our partners and stakeholders. Moreover, the emergence of AI as a commercialized technology is both creating new opportunities for the Association and posing existential risks to our business model if not fully understood or adopted. Lastly, we continued to battle deregulation efforts that threaten the quality and integrity of the accounting and finance profession.

The accounting and finance profession has played a vital role in helping organizations navigate these headwinds and continued to provide invaluable support to businesses, organizations, communities, and economies around the world.

The continuing uncertainty and disruption may seem daunting at times, but the Association is working to provide our members with the support and resources they need to accelerate and lead in a time of adversity. The Association is committed to not only addressing the challenges of today but also focusing on what may arise tomorrow.

The Association’s enterprise risk management (ERM) approach leverages the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Integrated Framework to assess enterprise risks. It equips the Association with a systematic method for identifying, assessing, and developing mitigation plans for the risks deemed most threatening to the Association’s finances, relevancy, and reputation. ERM is a key element in the development of the Association’s strategic plan and is updated each year to reflect the evolving risk landscape.

Given that the Association exists to serve the global accounting and finance profession, and a key technical area of the profession is risk management, the Association views ERM as a critical, organization-wide effort. Although some organizations compartmentalize ERM to a limited number of business units, the Association embeds risk management across all our major business lines so that risk is managed on an ongoing, regular basis. We believe this is a fundamental difference in how we manage risks across our business compared to some other organizations.

In 2023, we collected inputs from external reports and interviews with members, volunteers, and leadership to review the risk landscape. We identified and addressed the potential causes, as well as consequences and mitigations, of each risk. The significance of each risk was then evaluated based on the likelihood of occurrence and potential impact, both before and after mitigation plans were in place.

The enterprise risks were categorized as external, operational, or strategic. *External* risks emerge from outside the organization; *operational* risks arise from within the organization; and *strategic* risks are associated with our strategic initiatives. These enterprise risks were identified to be monitored by our executive leadership team and reported on periodically to the Board of Directors.

Like many other companies around the world, we continued to monitor and assess the key risks posed to the Association’s business model by ongoing geopolitical unrest and complexity and economic uncertainty, as well as new risks and opportunities emerging from the explosion of generative AI over the last 18 months.

Key enterprise risks

Risk	Mitigation/opportunity
Inability to diversify revenue beyond membership and non-membership income	<ul style="list-style-type: none"> ▶ Continued investments in transformative initiatives such as DAS, ESG initiatives, and CAS, which will mature and create commercial opportunity. ▶ Increased focus on B2B sales and value propositions for Business & Industry. ▶ Expanded promotion of the CGMA designation in key markets, including the U.S. and China. ▶ Expanded designation pathways globally using the CGMA Finance Leadership Program and Registered Apprenticeship for Finance Business Partners program.
AICPA & CIMA technology platform issues are not rectified in a timely manner	<ul style="list-style-type: none"> ▶ Focusing on stabilizing the AICPA & CIMA platform, ensuring resolution of persistent issues including payment acceptance. ▶ Completing transition to new technology partners.
Diminishing trust and value perception in CPA or CGMA designation	<ul style="list-style-type: none"> ▶ Showcased the profession's ability to address challenges and steer the profession through a continually evolving global business environment. ▶ Continued efforts to maintain the integrity of the CPA designation. ▶ Used CPA Evolution to develop what it means to be a CPA and update the body of knowledge and licensure model. ▶ Ensured future relevancy and flexibility of the CPA licensure model. ▶ Released the first findings of our Future of Finance 2.0 research program, outlining the future state of the finance profession and its wider ecosystem. Our findings will underpin the development of our management accounting qualifications, thought leadership, and learning resources. ▶ Provided technical insights, resources, networking, volunteer opportunities, and advocacy promoting the role the profession plays in serving the public interest, serving clients, and amplifying careers.

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Risk

Mitigation/opportunity

Declining CPA pipeline

- ▶ Executed multipronged CPA pipeline strategy to mitigate mobility and licensure risks and advance initiatives that provide relief for talent shortages in the profession.
- ▶ Used CPA Evolution efforts to highlight what it means to be a CPA and ensure future relevancy and flexibility of the CPA licensure model.
- ▶ Convened the formation of the National Pipeline Advisory Group (NPAG), overseeing the development of work plans, focus groups, and a U.S. national survey.
- ▶ Continued evaluating marketing and engagement strategies across high school and college student populations to bolster our CPA pipeline.

Inability of the profession to address changing needs of talent and employers

- ▶ Encouraged a “learn, unlearn, relearn” culture profession-wide.
- ▶ Drove propositions and offerings for the broader accounting and finance ecosystem, expanding access to our content and value propositions to members and registrants.
- ▶ Provided the profession with tools to engage new and emerging professionals.
- ▶ Supported new LMS to offer dynamic learning journeys, providing targeted upskilling learning across multiple touchpoints that align to career progression.
- ▶ Focused ESG efforts on creating new offerings for both existing and new members and enhancing the relevancy and value proposition of membership.

Significant regulatory changes harm the profession

- ▶ Developed an action plan to preserve current mobility privileges that allow CPAs to seamlessly work physically and virtually across state lines and to uphold CPA licensure.
- ▶ Tracked and reviewed over 81 bills in 30 jurisdictions with potential negative impact on the CPA license during the 2023 state sessions.
- ▶ Successfully advocated for key actions taken by the IRS, including the suspension of automated notices, addressing backlog, and supporting taxpayer relief.

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Meet our members



“The accounting and finance profession is on the cusp of significant transformation.”

Andrew Zhu, FCMA, CGMA
Managing Partner and CFO, NewMargin Ventures

Andrew chose a career in accounting and finance for the dynamic nature of the profession and its critical role in shaping businesses. He finds great fulfillment in nurturing a company’s financial health, strategizing for growth, and seeing the tangible impact of his contributions.

Now Managing Partner and CFO of NewMargin Ventures, a venture capital management company that supports emerging entrepreneurs, Andrew’s professional journey has been marked by sustained growth, impactful contributions, and adept leadership within the financial services industry — from SaaS services to blockchain investments.

According to Andrew, the accounting and finance profession is currently undergoing a profound transformation and now finds itself at crossroads between strategy, advisory, and technology. He is convinced that accounting and finance professionals are poised to play a pivotal role in seamlessly integrating ESG initiatives into a company’s business model. However, Andrew underscores the importance of perpetually honing skills and fostering a growth mindset to fully harness the power of this new strategic position in business and drive long-term business performance.

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Governance

Association Board of Directors

In support of public and management accounting, the Association Board of Directors is the core of our governance structure. The Board aligns with our organization's unique value proposition and addresses relevant issues while embracing opportunities to protect the public interest, advance the AICPA and CIMA membership bodies, and meet the profession's needs.

The Board is composed of 26 leaders from the profession and the public, representing the diverse perspectives and expertise of the membership and stakeholders we serve. They extensively monitor the external environment and key trends that could have the most significant implications for the profession and organization in the future. With that insight, they help shape and ultimately oversee the development and approval of the Association's strategic plan and budget, monitor performance against goals, and provide overall enterprise risk management.

Together, Board members address the issues that significantly affect the entire accounting profession – both public and management accounting – including emerging service areas, competition, global advocacy, and competency development.

When considering candidates for the Board, the Nominations Committee reviews a variety of factors, including professional experience, competencies, organizational size, geographic location, and diversity.

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Board leadership

Okorie L. Ramsey, CPA, CGMA

Chair, Association of International Certified Professional Accountants

Sarah Ghosh, FCMA, CGMA

Co-Chair, Association of International Certified Professional Accountants

The 2023 Association Board aligned with our membership composition of **50% women** and **featured representatives** from **four continents**.

Association Board members

Rebecca Bennett, FCMA, CGMA

Simon Bittlestone, FCMA, CGMA

Wesley (Wes) Bricker, CPA

Jonyce Bullock, CPA, CGMA

Kay French, FCMA, CGMA

Sarah Ghosh, FCMA, CGMA

Ebonie Jackson, CPA/CITP, CGMA

Anthony Gonzalez (public member)

Melanie J. Kanaka, FCMA, CGMA

Lexy Kessler, CPA, CGMA

Beth Kieffer Leonard, CPA, CGMA

Marie Large, FCMA, CGMA

Jan Lewis, CPA

Carla McCall, CPA, CGMA

Anoop N. Mehta, CPA, CGMA

Barry Melancon, CPA, CGMA

Andrew (Andy) Mintzer, CPA/CFF, CGMA

Alfred Ramosedi, FCMA, CGMA

Okorie Ramsey, CPA, CGMA

Asif Sadiq (public member)

Scott Showalter, CPA, CGMA

Matt Snow, CPA

Charlie Steel (public member)

Keren Stephen, FCMA, CGMA

Lindsay Stevenson, CPA, CGMA

Alan Whitman, CPA, CGMA

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2023 AICPA and CIMA Councils

AICPA leadership

Okorie L. Ramsey, CPA, CGMA
Chair

Carla McCall, CPA, CGMA
Vice Chair

Anoop N. Mehta, CPA, CGMA
Immediate Past Chair

CIMA leadership

Sarah Ghosh, FCMA, CGMA
President

Simon Bittlestone, FCMA, CGMA
Deputy President

Melanie J. Kanaka, FCMA, CGMA
Immediate Past President

AICPA governing Council

AICPA's governing Council is made up of about 265 members and representatives from every U.S. state, district and territory. AICPA Council provides input to the Association's strategic plan and programs in line with current and future market needs and works to protect the public interest. Council convenes twice a year, in May and October, with smaller regional meetings held virtually each March.

CIMA governing Council

CIMA's governing Council consists of up to 56 members, including honorary officers, elected fellows and associates, and members co-opted for the skills and experience they provide. CIMA Council provides input to the Association's strategic plan and programs in line with current and future market needs and sets standards and regulations for members in line with the objectives of CIMA's Royal Charter and members' wider duty of care to the public interest. Under normal circumstances, Council meets twice a year in person and twice virtually.

Regional engagement groups

Regional engagement groups (REGs) have two primary responsibilities: (1) provide insights and input into the Association's strategic plan on local marketplace trends and offer the perspectives of members, candidates, employers, and key regional stakeholders, and (2) drive local member and candidate engagement by serving as a key conduit between members, candidates, and stakeholders in the regions and the Association Board. In this capacity, they represent, engage, and advocate for the CGMA designation across the globe.

The Association Nominations Committee selects REG members and includes members, candidates studying to become professionally qualified, and employers.

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We regularly report on progress against our plan to the Board and Councils. The Association Board is actively engaged in enterprise risk management in line with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Risks are identified to the organization in five categories: strategic, financial, operational, technological, and external. Plans are then developed and approved by the Board to mitigate those risks in line with the annual strategic plan.

Driving value

The Association's governance process is a key component of its ability to create long-term sustainable value over time. As we develop, evolve, and progress our strategic plan in an integrated fashion, we continually gather input through discussions with the Association Board, AICPA Council, CIMA Council, REGs and committees, and from members, candidates, and other stakeholders. We rely on and incorporate their insights and input into a comprehensive strategy that is reflective of the governance input that represents every segment of the profession and society.

In November 2023, the Board of Directors provided input to our refreshed countries priorities strategy and 2024 plan, which was then approved at the Board meeting in January 2024. We have modified our strategic process in response to the evolving global landscape and have adopted an agile approach, moving away from a 3- to 5-year planning cycle to a 2024 plan and a multiyear plan and ambition with room to make shifts in response to the external environment.

We also are dependent on the diverse backgrounds, perspectives, and expertise of more than 2,000 volunteers serving on committees and groups to help drive the creation of tools, guidance, and initiatives that benefit our members and the public interest.

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These combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Many readers of these financial statements from around the world are accustomed to financial statements being prepared under International Financial Reporting Standards (IFRS). As a result, some entities included in these combined financial statements have been converted from IFRS to U.S. GAAP. The primary differences between IFRS and U.S. GAAP affecting these financial statements are unrealized gains/(losses) on investments and actuarial pension gains/(losses), which are recorded in other comprehensive income for IFRS but are recorded in the statements of activities for U.S. GAAP.

For 2023, the Association's change in total net assets was a decrease of \$14 million. This decrease was attributable to spend down of donor-restricted contributions from 2022 related to the Association's Accounting + initiative. We generated \$422 million in gross revenue, offset by \$419 million in expenses, an increase of net assets without donor restrictions of \$3 million and a balance of \$118 million at December 31, 2023. The Association ended the year in a strong financial position, with cash and cash equivalents of \$38 million and investments of over \$187 million. Further, we have access to a \$70 million line of credit for any short-term operating needs.

We continue to monitor AICPA and CIMA pension plans, which remain liabilities of their respective founding membership bodies. The AICPA pension plan is nearly fully funded and is invested in fixed income to hedge against the liability and changes in the discount rate. In 2023, the AICPA plan generated a pension loss of \$1.3 million primarily due to service costs of the plan. The CIMA plan generated a pension loss of \$2.9 million, driven by actuarial losses. Both plans are frozen and closed to future accruals, and both founding membership bodies have committed to meeting at least minimum funding levels under agreed-upon plans to ensure adequate funding in the future. Subsequent to year-end, the AICPA distributed a notice of intent to terminate the AICPA plan to all current participants and filed a formal document requesting review and approval of the termination by the Internal Revenue Service.

The following commentary describes the revenues and associated expenses within our combined statements of activities. Relevant KPI targets and results for 2023 are included in the KPI section that follows.

Member, firm services and partner solutions

Revenue consists of member and student subscriptions and dues from CIMA and the AICPA, including section and advisory credential memberships; dues from firm services focusing on audit quality and delivering resources to firms; partner solutions that target the practice management of CPA firms; and our Peer Review program. As a reminder, members of AICPA and CIMA have automatic dual membership in the Association as part of their regular membership fees. Expenses include investments in resources and benefits that help our members thrive in their careers.

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Global learning

Revenue is derived from our key strategic initiative to lead the global accounting and finance profession in competency development and lifelong learning. We advance this mission by delivering thought leadership; experiences; and learning products and services such as in-person events, online learning events, and competency-enhancing resources. These resources help professionals and their organizations navigate a rapidly changing firm and business environment. Expenses associated with global learning are costs to develop and deliver these resources as well as our continued investment in innovative, frictionless learning experiences that engage people in the profession overall.

Professional examinations

Revenue consists of fees for our CPA, CGMA, and advisory credential exams. Expenses include costs to maintain, develop, and grade the exams, as well as fees paid to our partners to administer the exams.

Affinity, advertising, and other

Revenue is generated from our member discount programs and advertising revenue through our various digital magazines and websites.

Contributions and contributed services

Revenue for the AICPA Benevolent Fund, the CIMA Benevolent Fund, and the AICPA Foundation is generated primarily from member contributions.

Investment return, net of expenses

Revenue is generated from our investment portfolio and includes realized and unrealized gains (losses) as well as dividend and interest income and is net of investment expenses.

Communications, public relations, and advocacy

Expenses related to the Association's strong commitment to raising the profile of the accounting profession and recognition for our members and their designations include a wide range of activities: integrated advertising campaigns, public relations programs, and extensive advocacy. Other expenses include investments related to supporting audit quality; CPA evolution; professional ethics; environmental, social and corporate governance matters; and the future of finance.

Diversity, inclusion, scholarships, and assistance

Expenses related to the Association's diversity and inclusion programs are key to long-term success and growth in driving a dynamic accounting profession worldwide. Expenses also include scholarships for students pursuing degrees in the accounting and finance profession and financial assistance to AICPA and CIMA members who are in temporary financial need due to hardship.

Supporting services

Supporting expenses include general management and membership development. General management expenses include all expenses required to support the operations of the Association and are not allocable to program services. Membership development includes expenses within our Global Engagement Center to support our members.

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Key performance indicators

We have established key performance indicators (KPIs) to measure and assess our organizational performance: total Association population, which comprises members, CGMA candidates and CGMA registrants; CPA candidates; member satisfaction; average revenue per individual; total revenue; and operating income (loss).

We establish targets for each KPI annually, and we will continue to report these metrics to track progress against our strategic plan.

Outcomes	KPIs	2022 Actuals	2023 Target	2023 Actuals	Discussion
Transformation – of the Profession	Relevance – Avg. revenue per individual ¹	\$374/individual	\$373/individual	\$408/individual	Higher revenue and slightly lower membership
	Reach – Total Association population ²	619K	612K	597K	Lower AICPA members and CGMA candidates
Brand and Reputation	Association member satisfaction	7.1	7.15	7.0	In line with target
Growth – Financial	Revenue	\$308.4M	\$322M	\$340.8M	Strong performance of CPA Exam, CGMA Finance Leadership Program (FLP) and events
	Operating income (loss) ³	(\$4.7M)	\$0	(\$5.7M)	Higher event-related travel costs and dual costs related to IT vendor transition
Growth – Individuals Served	AICPA members	415K	407K	400K	Pipeline challenges due to PA firm hiring models and retention challenge due to aging demographics
	CIMA members	117K	118K	116K	In line with target
	CGMA candidates	60K	59K	44K	Progress was made on redesigning our B2B sales motions; however, limited sales support and disruption from business reorganization limited hitting our target
	CGMA registrants	27K	28K	37K	Strong performance of FLP program
	CPA candidates	67K	74K	79K	Strong performance of CPA Exam ahead of CPA Evolution content launch

1. Average revenue per individual is total B2C revenue divided by total Association population.

2. Total Association population is the sum of AICPA members, CIMA members, CGMA candidates, and registrants. It does not include CPA candidates.

3. Operating income (loss) excludes related organizations and affiliates of the Association's founding membership bodies as well as market-driven changes in investments and pension.

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Executive remuneration

The Association seeks to attract and retain talented leaders to develop and execute its strategy. A total compensation package for the CEO and the senior leadership team comprises base compensation, performance-related compensation, and benefits. Total compensation levels and practices are based on both internal equity and local market practices in the territories where the Association operates and employees reside.

The Remuneration and Talent Committee of the Board of Directors provides oversight on executive compensation through its charter by:

- ▶ Ensuring that employee compensation and pay practices are consistent with the Association's Reward Philosophy and competitive practices
- ▶ Aligning compensation with the long-term success and sustainability of the organization
- ▶ Reviewing and approving goals established for the Association CEO
- ▶ Assessing annual performance against such goals and the strategic plan
- ▶ Establishing the total compensation of the CEO, including the level of performance-related compensation based on the assessment of annual performance
- ▶ Reviewing the total compensation of the Association's senior leadership team
- ▶ Using an independent compensation consultant to provide analysis of market compensation practices

To comply with IRS regulations, the Association is required to disclose the compensation for up to 20 key employees, as defined, and its five current highest compensated employees, as defined, on its annual tax return (Form 990, *Return of Organization Exempt from Income Tax*). Form 990 can be found on website resources such as Foundation Center and GuideStar. The filing due date for the Association's Form 990 is May 15. However, the Association has filed a request to extend the deadline until November 15.

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Combined Financial Statements
and Independent Auditor's Report

December 31, 2023 and 2022

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Independent Auditor's Report

To the Audit and Finance Committee

Association of International Certified Professional Accountants

Opinion

We have audited the combined financial statements of Association of International Certified Professional Accountants and Related Organizations, which comprise the combined statements of financial position as of December 31, 2023 and 2022, and the related combined statements of activities, net assets, and preferred stock and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Association of International Certified Professional Accountants and Related Organizations as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association of International Certified Professional Accountants and Related Organizations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Association of International Certified Professional Accountants and Related Organization's ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association of International Certified Professional Accountants and Related Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Association of International Certified Professional Accountants and Related Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the management discussion and analysis but does not include the combined financial statements and our auditor's report thereon. Our opinion on the combined financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the combined financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CohnReznick LLP

Parsippany, New Jersey

April 25, 2024

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Association of International Certified Professional Accountants and Related Organizations

Combined Statements of Financial Position
December 31, 2023 and 2022
(\$000)

	2023	2022
Assets		
Cash and cash equivalents	\$ 38,015	\$ 59,007
Receivables, net	24,279	17,799
Contract asset	7,214	3,667
Contributions receivable	60	26,793
Deferred costs and prepaid expenses	21,641	16,761
Investments	187,253	164,501
Building, furniture, equipment and leasehold improvements, net	15,919	20,039
Operating lease, right-of-use assets, net	51,732	59,654
Software and technology, net	68,527	67,891
Other investments	16,905	13,011
Goodwill, net	<u>7,877</u>	<u>9,355</u>
Total assets	<u>\$ 439,422</u>	<u>\$ 458,478</u>
Liabilities		
Accounts payable and other liabilities	\$ 68,984	\$ 58,045
Advanced dues	92,024	82,702
Unearned revenue	40,896	34,378
Operating lease liability	67,960	78,099
Deferred employee benefits	17,164	16,898
Accrued software development costs	<u>1,227</u>	<u>23,022</u>
Total liabilities	<u>288,255</u>	<u>293,144</u>
Preferred stock and net assets		
Preferred stock	7,500	7,500
Net assets with donor restrictions	25,380	42,566
Net assets without donor restrictions	<u>118,287</u>	<u>115,268</u>
Total preferred stock and net assets	<u>151,167</u>	<u>165,334</u>
Total liabilities, preferred stock and net assets	<u>\$ 439,422</u>	<u>\$ 458,478</u>

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	2023	2022
Changes in net assets without donor restrictions		
Member, firm services and partner solutions	\$ 238,502	\$ 220,183
Global learning	76,534	71,278
Professional examinations	47,512	36,247
Affinity, advertising and other	16,731	17,041
Contributions	1,014	1,077
Investment return, net of expenses	<u>24,041</u>	<u>(25,786)</u>
Total revenue and gains without donor restrictions	404,334	320,040
Net assets released from restrictions	<u>17,716</u>	<u>10,545</u>
Total revenue, gains and other support without donor restrictions	<u>422,050</u>	<u>330,585</u>
Operating expenses		
Program expenses		
Member, firm services and partner solutions	174,525	166,475
Global learning	72,072	61,605
Professional examinations	50,161	37,859
Communications, public relations and advocacy	43,424	41,651
Diversity, inclusion, scholarships and assistance	<u>27,990</u>	<u>18,637</u>
Total program expenses	<u>368,172</u>	<u>326,227</u>
Supporting activities		
General management	36,604	36,200
Membership development	<u>10,610</u>	<u>9,539</u>
Total supporting activities	<u>47,214</u>	<u>45,739</u>
Total operating expenses	<u>415,386</u>	<u>371,966</u>
Change in net assets without donor restrictions		
from operations	6,664	(41,381)
Pension and postretirement benefit loss	(2,749)	(13,073)
Translation adjustments	<u>(896)</u>	<u>1,114</u>
Change in net assets without donor restrictions	3,019	(53,340)
Net assets without donor restrictions, beginning	<u>115,268</u>	<u>168,608</u>
Net assets without donor restriction, ending	<u>\$ 118,287</u>	<u>\$ 115,268</u>
Changes in net assets with donor restrictions		
Contributions	\$ 530	\$ 52,687
Net assets released from restrictions	(17,716)	(10,545)
Investment return, net of expenses	<u>—</u>	<u>7</u>
Change in net assets with donor restrictions	(17,186)	42,149
Net assets with donor restrictions, beginning	<u>42,566</u>	<u>417</u>
Net assets with donor restrictions, ending	<u>\$ 25,380</u>	<u>\$ 42,566</u>
Change in net assets	<u>\$ (14,167)</u>	<u>\$ (11,191)</u>
Preferred stock	<u>\$ 7,500</u>	<u>\$ 7,500</u>
Change in preferred stock and net assets	\$ (14,167)	\$ (11,191)
Preferred stock and net assets, beginning	<u>165,334</u>	<u>176,525</u>
Preferred stock and net assets, ending	<u>\$ 151,167</u>	<u>\$ 165,334</u>

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Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets:	\$ (14,167)	\$ (11,191)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization:		
Building, furniture, equipment and leasehold improvements	4,679	3,656
Software and technology	21,451	16,165
Goodwill	1,478	1,479
Non-cash lease expense	7,502	7,614
Loss on disposal of assets	245	145
Impairment of right-of-use asset	–	1,958
Loss (gain) on investments	(18,723)	29,116
Deferred taxes	466	142
Provision for:		
Receivables	150	277
Deferred employee benefits	3,754	14,051
Changes in operating assets and liabilities:		
Receivables	(6,611)	2,404
Contract asset	(3,547)	(3,667)
Contributions receivable	26,733	(26,793)
Deferred costs and prepaid expenses	(5,196)	(5,016)
Accounts payable and other liabilities	8,757	(3,797)
Advanced dues	8,484	(11,519)
Unearned revenue	6,021	3,071
Deferred employee benefits	(3,707)	(4,093)
Operating lease liability	(9,423)	(8,444)
Accrued software development costs	(21,795)	(5,589)
Total adjustments	20,718	11,160
Net cash provided by (used in) operating activities ...	6,551	(31)
Investing activities:		
Payments for purchase of software and technology	(20,307)	(15,743)
Payments for purchase of building, furniture, equipment and leasehold improvements	(732)	(947)
Payments for purchases of other investments	(1,335)	(500)
Payments for purchases of investments	(62,508)	(4,329)
Proceeds from sale of other investments	350	–
Proceeds from sale and maturity of investments	55,731	23,044
Net cash provided by (used in) investing activities ...	(28,801)	1,525
Effect of exchange rates on cash and cash equivalents	1,258	(2,716)
Net decrease in cash and cash equivalents	(20,992)	(1,222)
Cash and cash equivalents, beginning	59,007	60,229
Cash and cash equivalents, ending	\$ 38,015	\$ 59,007
Supplemental disclosures of noncash investing activities:		
Furniture, technology and internal software	\$ 1,786	\$ 1,249
Right-of-use assets	\$ 217	\$ 941

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Notes to Combined Financial Statements

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Note 1 – Organization

The combined financial statements include the accounts of the Association of International Certified Professional Accountants, American Institute of Certified Public Accountants (AICPA), The Chartered Institute of Management Accountants (CIMA), Association of International Certified Professional Accountants, UK (Association UK) and their subsidiaries and related organizations, which have been combined in accordance with accounting standards for not-for-profit (NFP) organizations. As used herein, the “Association” includes all such entities.

The Association is a global membership organization whose mission and vision is to be the most influential body of professional accountants driving a dynamic accounting profession worldwide. The Association launched on January 1, 2017, with the AICPA and CIMA as founding members. Members of the AICPA and CIMA are also members of the Association. The Association is organized as a NFP organization domiciled in the United States of America (US).

The AICPA is the national professional organization for Certified Public Accountants (CPAs) and is organized as a NFP organization domiciled in the US.

MAPAGlobal SDN.BHD (MAPA), a wholly-owned subsidiary of the Association of International Certified Professional Accountants, was incorporated on May 23, 2018. MAPA is the global business services group of the Association based in Malaysia.

CIMA is the global professional body of management accountants and is incorporated by Royal Charter and domiciled in the United Kingdom (UK).

The Association UK is a cost-sharing group providing services to CIMA. CIMA and the Association have 51 and 49 votes within the Association UK.

Subsidiaries and Combined Related Organizations of the AICPA

CPA.com, Inc. (CPA.com) is a provider of cloud-based Partner Solutions targeting the practice management, client services, and developmental needs of public and management accountants. CPA.com is also responsible for managing certain affinity programs for the Association. The AICPA owns the controlling interest in CPA.com.

The mission of the Accounting Research Association, Inc. (ARA) is to provide funds for studies and research in regard to principles and standards of the accounting profession (see Note 13).

The AICPA Benevolent Fund provides temporary financial assistance to members of the AICPA and their families.

The AICPA Foundation’s (Foundation) mission is to grow the next generation of CPAs through three primary focuses: accounting education and outreach, scholarships and fellowships, and diversity and inclusion (see Note 13).

The AICPA and State Societies Network, Inc., composed of substantially all of the individual state societies of CPAs located throughout the U.S., are equal percentage members of Shared Services, LLC (SSLLC), 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 SSLLC on the equity method, although the investment remains at zero as of December 31, 2023. SSLLC 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. SSLLC’s Board of Directors continues to explore additional opportunities to fulfill its mission.

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Related Organizations of CIMA

The CIMA Benevolent Fund provides assistance to CIMA members and ex-members and their families in times of hardship. The CIMA Benevolent Fund has been restructured into a charitable incorporated organization (CIO) and all required activities to transfer assets and operations to CIO have been officially completed as of August 31, 2023. The former entity is no longer in operation, and all future engagements are made solely through the CIO.

The Anthony Howitt Lecture Trust's mission is to advance education in management accountancy and related subjects.

Note 2 – Summary of significant accounting policies

Adoption of accounting standards

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326) (ASU 2016-13), which requires financial assets to be presented at the net amount expected to be collected, with an allowance for credit losses to be deducted from the amortized cost basis of the financial asset such that the net carrying value of the asset is presented as the amount expected to be collected. Under ASU 2016-13, the entity's statement of operations is required to reflect the measurement of credit losses for newly recognized financial assets, as well as expected increases or decreases in expected credit losses that have taken place during the period. For private business entities, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The Association adopted ASU 2016-13 on January 1, 2023, and the adoption of this update did not have a significant impact on the Association's combined financial statements.

Basis of presentation

The preparation of combined financial statements in conformity with accounting principles generally accepted in the U.S. 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 accounting standards requirements for NFP organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to two classes of net assets depending on the existence and/or nature of any donor restrictions as follows: net assets without donor restrictions and net assets with donor restrictions.

Reclassification

Certain amounts in the 2022 combined financial statements have been reclassified to conform with the current year's presentation.

Valuation of assets and liabilities

The Association considers investments with an original maturity of 90 days or less when purchased to be cash equivalents. As of December 31, 2023 and 2022, the Association'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 combined statements of activities, net assets, and preferred stock. The investment partnership represents ownership in a private investment partnership that trades global equity securities under the direction of asset managers.

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The Association also has investments in nonmarketable equity securities where it exercises less than significant influence and there is no readily determinable fair value; for this situation, the Association applies the cost method of accounting, adjusted for impairments and observable price changes in orderly transactions and are classified as Other investments on the combined statements of financial position.

The Association impairs an investment and recognizes a loss if and when events or circumstances indicate there is impairment in the investment that is other-than-temporary. The Association evaluates investments in nonmarketable securities for impairment utilizing Level 3 fair value inputs. The Association recorded a \$6,954,000 impairment associated with a strategic investment during 2022. The impairment was recorded within Investment return, net of expenses in the combined statements of activities, net assets, and preferred stock.

The Association holds certain strategic investments in debt securities. These investments are carried at fair value and classified as trading securities and presented in Investments on the combined statements of financial position. As of December 31, 2023 and 2022, the Association had \$500,000 and \$3,332,000 in such securities, respectively.

According to ASU No. 2014-02, *Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill*, an entity that elects the accounting alternative is further required to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. The Association elected to test goodwill for impairment at the entity level. Further, according to ASU No. 2014-02, goodwill should be tested for impairment when a triggering event occurs that indicates that the fair value of an entity may be below its carrying amount. Because no triggering event indicating that the fair value of an entity may be below its carrying amount occurred, no further analysis was required.

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business acquisitions that occurred after July 1, 2002, and are accounted for under the purchase accounting method.

Building, furniture, equipment, and leasehold improvements are stated at cost, less accumulated depreciation or amortization computed on the straight-line method. Furniture and equipment are depreciated over their estimated useful lives of 3 to 10 years. Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period. Freehold/leasehold building is depreciated over a period of 40 to 50 years on a straight-line basis. The Association capitalizes expenditures in excess of \$1,000 for computers, \$5,000 for furniture and equipment, and \$15,000 for leasehold improvements at cost.

Software and technology are stated at cost, less accumulated amortization computed on the straight-line method. Software development is amortized over its estimated useful life of 3 to 5 years. The Association capitalizes expenditures in excess of \$15,000 for software and technology at cost.

Leases

The Association applies Accounting Standards Codification (ASC) 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period of time in excess of 12 months in exchange for consideration. The Association defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. The Association further determines all the existing leases are operating leases, which are included in Right-of-use (ROU) assets and Lease liabilities in the combined statements of financial position. ROU assets represent the Association's right to use leased assets over the term of the lease. Lease liabilities represent the

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Association's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term. ROU assets are calculated as the present value of the future lease payments adjusted by any deferred rent liability and lease incentives. ROU assets and lease liabilities are recognized at the lease commencement date. The Association uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Association uses the incremental borrowing rate at the lease commencement date to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. To the extent a lease arrangement includes both lease and non-lease components, the components are accounted for separately (see Note 9).

The Association no longer plans to exercise the option to renew an office lease in the UK and plans to terminate the lease at its expiration in September 2024. As a result, the lease was reassessed, and the lease liability was remeasured in 2022, resulting in a decrease of \$10,852,000 in both the ROU asset and lease liability. Additionally, the Association vacated a portion of its U.S. office space and marketed it for sublease. The Association applied ASC 360-10, *Impairment or Disposal of Long-Lived Assets to be Held and Used*, in determining the estimated fair value and the estimated impairment loss. Fair value was based on the expected future cash flows generated by the market participants, discounted at the incremental borrowing rate. The Association recognized an impairment loss of \$1,958,000, as part of Supporting activities – General management in the accompanying combined statements of activities, net assets, and preferred stock for the year ended December 31, 2022.

Concentrations of credit risk

Financial instruments, which potentially subject the Association to concentrations of credit risk, include cash and cash equivalents, investments, and receivables. At December 31, 2023 and 2022, balances on deposit at U.S. financial institutions exceeded Federal Deposit Insurance Corporation (FDIC) insured limits. Cash equivalent amounts in sweep investment accounts are not insured nor guaranteed by the FDIC. The Association maintains its significant cash balances with a high quality financial institution, which the Association believes limits these risks.

Credit risk with respect to receivables is also limited because the Association deals with a large number of customers in a wide geographic area. The Association closely monitors the extension of credit to its customers while maintaining allowances for potential credit losses. On a periodic basis, the Association evaluates its receivables and establishes an allowance for expected credit losses, based on a history of past write-offs and collections and current credit considerations. As of December 31, 2023 and 2022, the allowance for expected credit losses was \$714,000 and \$339,000.

Mortgages received by the AICPA Benevolent Fund in connection with assistance payments to members and their families are recorded as assets, net of amounts deemed uncollectible. Mortgages are non-interest-bearing and are due upon the death of the member and spouse and/or sale of the mortgaged property. Credit risk with respect to receivables is limited because the AICPA Benevolent Fund secures mortgages from a limited number of payment recipients in a wide geographic area. The AICPA Benevolent Fund closely monitors the extension of mortgages to its members while maintaining allowances for potential losses. On a periodic basis, the AICPA Benevolent Fund evaluates its receivables and establishes an allowance for expected credit losses, based on a history of past write-offs, market value of mortgaged properties, collections, and current credit considerations.

Derivatives

The Association utilizes derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. The Association does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are

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accounted for as trading instruments. The Association recognizes all derivatives as either assets or liabilities in the combined statements of financial position and measures those instruments at fair value. Changes in the fair value of those instruments are reported in the combined statements of activities, net assets, and preferred stock.

The Association entered into foreign exchange contracts in 2023 and 2022 to mitigate against potential losses on certain expenditures. The notional amounts of the foreign exchange contracts for 2023 and 2022 were \$21,836,000 and \$42,292,000, and all contracts expire in 2024.

The gain/(loss) recognized in Supporting activities - General management in the combined statement of activities, net assets, and preferred stock for 2023 and 2022 was \$116,000 and (\$2,368,000).

Revenue recognition

Member, firm services, and partner solutions

Revenue consists of member, candidate, and registrant dues from AICPA and CIMA, including section and credential memberships, dues from Firm Services focusing on audit quality and delivering resources to firms, Partner Solutions, and the Peer Review program.

Dues revenue from members, candidates, registrants, and firms include access to a multitude of benefits. Access to these benefits is voluntary and can occur during the membership period and are treated as part of the membership itself, rather than multiple performance obligations. The Association recognizes revenue over the membership period.

For membership based revenue recognized over time, the straight-line method is used to allocate the performance obligations over the performance measurement period. The Association determined that this method provides a faithful depiction of the transfer of goods or services because the customer is required to pay regardless of how frequently the product or membership benefits are used, and the Association stands ready to make its goods or services available to the customer on a constant basis over the contract period.

Partner Solutions are provided by CPA.com and target the practice management, client services, and developmental needs of CPA firms. Revenue consists of a mix of fixed fee and subscription services. Revenue from fixed fee and subscription services is recognized ratably over time.

Peer Review services are required for firms and individuals that are members of the AICPA who are engaged in the practice of public accounting in the U.S. or its territories, and if the services they provide are within the scope of the AICPA's practice monitoring standards, they issue reports purporting to be in accordance with the AICPA professional standards or are required to undergo Peer Review services by their State Board of Accountancy. Revenue is recognized over the period services are rendered.

Global learning

Revenue is derived from the Association delivering thought leadership, learning products, and services such as in-person events, online learning events, and competency enhancing resources. Revenue generated from sales of physical products and e-books is recognized when the goods are shipped, or access is granted. Subscription-based products provide access over a specified period of time. Revenue is recognized over the access period, which is predominately a one-year period. In-person events such as conferences, group study, and member service events are recognized when the event occurs.

Professional examinations

Professional examinations revenue consists of fees earned for examinations, which include the CPA and Chartered Global Management Accountant (CGMA) exams. The Association recognizes revenue when the examination results are released.

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Affinity, advertising, and other

Revenue is derived from member programs, advertising revenue through various digital magazines and websites and a sponsorship fee from an affiliated party (see Note 14).

Revenue for member programs and sponsorships is recognized when the sale occurs by the affinity partner, and advertising revenue is recognized when the advertisement is placed.

Revenue disaggregation

In accordance with ASU No. 2014-09, the Association disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue.

Revenue generated from memberships and subscriptions is primarily recognized over the performance obligation period, while the revenue generated from examinations, affinity, advertising and other event-based programs is recognized at a point-in-time. The revenue disaggregated by the timing of recognition for years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Point-in-time	\$ 115,753	\$ 104,955
Over time	<u>263,526</u>	<u>239,794</u>
	<u>\$ 379,279</u>	<u>\$ 344,749</u>

Contract balances

The timing of revenue recognition, billings, and cash collections results in contract assets, receivables, and contract liabilities. Contract assets exist when the entity has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. The Association's revenue is based on delivered goods and services and is generally limited to amounts that are not contingent on future events, therefore not resulting in a contract asset being recorded for most revenue sources. The Association had no contract assets as of January 1, 2022. The Association records receivables when the right to consideration becomes unconditional and are presented separately in the combined statements of financial position. The Association had contract receivables, net of allowance for doubtful accounts of \$20,774,000 as of January 1, 2022. Contract liabilities include advanced dues and unearned revenue when the Association receives payment from customers before revenue is recognized and are presented separately in the combined statements of financial position. The Association had contract liabilities of \$128,531,000 as of January 1, 2022.

Payment terms

The majority of the payment terms of the Association's revenue streams are billed in advance of the performance obligation including member, candidate and registrant dues, firm services, global learning, CPA and CGMA exams, and advertising. All other revenue streams are collected in arrears with terms generally net 30 days.

The AICPA entered into a third-party agreement that provides for the AICPA to break-even with regards to revenue earned and certain external and internal costs incurred in developing, maintaining, and providing the computerized Uniform CPA Examination in jurisdictions (Jurisdictions) recognized as member bodies of the National Association of State Boards of Accountancy (NASBA), referred to as the Domestic Examination. Accordingly, such revenue or costs have been deferred and are reflected in the accompanying combined statements of financial position net of revenue or cost recognized (see Note 10). The AICPA also entered into a third-party agreement (International Examination Agreement) for the AICPA to provide the computerized Uniform CPA Examination, on behalf of the Jurisdictions, to select international locations (International Examination). The International Examination Agreement does not provide for the AICPA to break even; accordingly, revenues and costs are recognized as earned or incurred.

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Contributions and other assets are recorded with or without donor restrictions when received depending on the existence of any restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

A number of people have contributed significant amounts of time to the activities of the Association. The combined financial statements do not reflect the value of these contributed services because they do not meet the criteria for recognition.

Promotions and advertising

Costs of promotions and advertising are expensed as incurred. Total promotion and advertising expenses for the years ended December 31, 2023 and 2022 were \$7,538,000 and \$8,939,000.

Software and technology costs

All costs incurred in the planning stage of developing a website are expensed as incurred, as are internal and external training costs and maintenance costs. Fees, such as licensing and hosting, including software as a service, are expensed over the period of benefit.

External and internal costs, excluding general and administrative costs and overhead costs, incurred during the application development stage of internal use software and technology are capitalized. Such costs include external direct costs of materials and services consumed in developing or obtaining software and technology, payroll and payroll-related costs for employees who are directly associated with and who devote time to developing software and technology, and interest costs incurred while developing software and technology. Upgrades and enhancements that result in additional functionality to the software and technology, which enable it to perform tasks that it was previously incapable of performing, are also capitalized.

Capitalized internal use software and technology development costs are amortized on the straight-line method over their estimated useful lives of a three- to five-year period and begins when all substantial testing of the software and technology are completed, and the software and technology are ready for their intended use.

Development costs incurred in creating software and technology for sale are expensed until technological feasibility is established. Thereafter, all software and technology development costs incurred are capitalized and subsequently recorded at the amortized cost. Capitalized costs are amortized on the straight-line method over a five-year period.

On at least an annual basis, the Association performs a review of its capitalized costs for impairment. For the years ended December 31, 2023 and 2022, no impairment was indicated.

Income taxes

The Association, AICPA, and ARA are organized as 501(c)(6) NFP organizations under the Internal Revenue Code (the Code). Certain income of the AICPA, however, is subject to taxation. The AICPA Benevolent Fund and Foundation are organized as 501(c)(3) NFP organizations under the Code. CPA.com is organized as a for-profit entity.

CIMA incurs corporation tax on trading profits, chargeable gains, and investment income less any charitable donations by way of gift aid; membership and examination income are not subject to corporation tax. CIMA is also subject to tax in a number of the non-UK markets. CIMA's associated charities are not subject to tax. A provision is made for deferred taxation to the extent that material temporary differences are expected to reverse in future periods. No provision for deferred taxation existed as of December 31, 2023 and 2022.

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The Association has analyzed tax positions taken for filing with the Internal Revenue Service of the U.S. and His Majesty's Revenue and Customs of the U.K. as well as any other jurisdictions where it operates. The Association does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, results of operations, or cash flows. Federal income tax returns related to U.S. domiciled entities as well as U.K. tax returns prior to December 31, 2020, are closed. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

CPA.com 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 basis 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 (see Note 11).

The Association's policy on classification of interest and penalties is to include these amounts in Supporting activities – General management in the accompanying combined statements of activities, net assets, and preferred stock. The Association does not have any material uncertain tax positions during the years ended December 31, 2023 and 2022 and has not accrued any interest or penalties related to unrecognized tax positions. The Association has not identified any material ASC 740 liabilities.

Employee benefit plans

The AICPA sponsors a post-retirement benefit plan, and both the AICPA and CIMA sponsor defined benefit pension plans. The plans' assets and benefit obligations are measured, and the funded status of these plans are reported, in the combined statements of financial position at December 31, 2023 and 2022 (see Note 12).

Note 3 – Liquidity resources

The Association's primary revenue sources are its fees associated with members, candidates, and registrants, which are included in Member, firm services, and partner solutions on the combined statements of activities, net assets, and preferred stock and revenues from Global learning and Professional examinations. This includes leading the global accounting and finance profession in competency development and lifelong learning including thought leadership, experiences, products, and services. These resources help professionals and the organizations in which they work to succeed as they navigate a rapidly changing business environment.

The Association has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and a \$50,000,000 line of credit with the ability to increase, subject to lender approval, up to \$70,000,000.

The following table reflects the Association's financial assets as of December 31, 2023 and 2022 reduced by amounts that are not available to meet general expenditures within one year of the combined statements of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

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	2023	2022
	(\$000)	
Cash and cash equivalents.....	\$ 38,015	\$ 59,007
Receivables, net	24,279	17,799
Contract asset.....	7,214	3,667
Contributions receivable	60	26,793
Investments	<u>186,753</u>	<u>161,169</u>
Total financial assets	256,321	268,435
Investment collateral related to letter of credit	430	430
Trustee designated for Accounting Doctoral Scholarship Program (see Note 13).....	549	740
Investment collateral related to credit limit (see Note 10)	2,184	366
Net assets with donor restrictions.....	<u>25,380</u>	<u>42,566</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 227,778</u>	<u>\$ 224,333</u>

Note 4 – Functional expenses

The costs of program and supporting activities have been summarized on a functional basis in the following table:

	2023 (\$000)								
	Program Expenses					Supporting Activities			Total
	Member, firm services and partner solutions	Global learning	Professional examinations	Communications, public relations and advocacy	Diversity, inclusion, scholarships and assistance	General management	Membership development		
People costs	\$ 88,262	\$ 25,227	\$ 18,346	\$ 24,737	\$ 2,917	\$ 18,925	\$ 4,988	\$ 183,402	
Cost of goods sold	11,585	30,149	3,610	–	–	–	–	45,344	
Selling expense	3,843	1,606	284	253	201	2	–	6,189	
Occupancy	4,871	1,884	1,783	2,896	212	979	802	13,427	
Meetings and travel	7,424	712	481	896	301	155	9	9,978	
Office expense	1,787	472	272	379	59	398	317	3,684	
Professional fees	33,317	9,024	19,295	10,680	20,109	9,590	4,108	106,123	
Organizational support	5,719	18	14	176	2,118	–	–	8,045	
Depreciation and amortization	12,828	2,600	3,126	2,925	1,965	2,575	291	26,310	
Other	4,889	380	2,950	482	108	3,980	95	12,884	
Total	<u>\$ 174,525</u>	<u>\$ 72,072</u>	<u>\$ 50,161</u>	<u>\$ 43,424</u>	<u>\$ 27,990</u>	<u>\$ 36,604</u>	<u>\$ 10,610</u>	<u>\$ 415,386</u>	

	2022 (\$000)								
	Program Expenses					Supporting Activities			Total
	Member, firm services and partner solutions	Global learning	Professional examinations	Communications, public relations and advocacy	Diversity, inclusion, scholarships and assistance	General management	Membership development		
People costs	\$ 82,252	\$ 22,190	\$ 12,794	\$ 22,934	\$ 2,141	\$ 14,855	\$ 4,430	\$ 161,596	
Cost of goods sold	9,524	22,241	3,411	–	–	–	–	35,176	
Selling expense	3,880	2,409	210	372	122	1	–	6,994	
Occupancy	5,589	1,900	1,442	3,081	209	999	847	14,067	
Meetings and travel	6,985	681	384	591	421	123	10	9,195	
Office expense	2,171	459	298	383	81	425	331	4,148	
Professional fees	35,924	9,051	15,226	11,107	12,561	12,367	3,354	99,590	
Organizational support	5,919	26	13	192	2,001	12	–	8,163	
Depreciation and amortization	10,877	2,159	2,010	2,481	1,022	2,444	308	21,301	
Other	3,354	489	2,071	510	79	4,974	259	11,736	
Total	<u>\$ 166,475</u>	<u>\$ 61,605</u>	<u>\$ 37,859</u>	<u>\$ 41,651</u>	<u>\$ 18,637</u>	<u>\$ 36,200</u>	<u>\$ 9,539</u>	<u>\$ 371,966</u>	

Management has reviewed all overhead costs and determined that it is appropriate to allocate a portion of these costs to Program expenses and/or Supporting activities. Information technology costs have been allocated to Program expenses and/or Supporting activities based on headcount. Certain facilities costs have been allocated to Program expenses and/or Supporting activities based on headcount and location. Overhead costs allocable to Membership development have been allocated based on headcount. Certain overhead costs specific to Program expenses have been allocated based on the direct costs incurred by each program as a percentage of total direct Program expense costs.

Note 5 – Fair value measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the least priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the assets or liabilities; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual funds and Exchange traded funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily Net Asset Value (NAV) and to transact at that price. The mutual funds and exchange traded funds held by the Association are deemed to be actively traded.

Investment in private companies: The valuation reflects the Association's best estimate of what the market participants would use in pricing at the reporting date. The Association engaged a third-party valuation firm to determine the fair value of the convertible instrument. The fair value measurement considers various exit options for the convertible note including the impact of those options on the principal and interest of the convertible note. The various exit options were discounted to present value using a market based discount rate and probability estimate in order to determine a fair value estimate.

Private equity investments: The Association's private equity investments include a direct investment in a limited partnership. The NAV, as provided by the limited partnership, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying

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investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

To estimate the fair value of the foreign exchange contracts as of the measurement date, the Association obtains inputs other than quoted prices that are observable for the derivatives. These inputs include current foreign exchange rates and consider nonperformance risk of the Association and that of its counterparties. Derivatives measured at fair value are included within Accounts payable and other liabilities within the combined statements of financial position.

The following tables set forth by level, within the fair value hierarchy, the Association's assets and derivatives at fair value as of December 31, 2023 and 2022:

Assets (liabilities) at fair value as of December 31, 2023

(\$000)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 130,481	\$ –	\$ –	\$ 130,481
US government issues	37,430	–	–	37,430
Exchange traded funds	487	–	–	487
Unit trusts	3,402	–	–	3,402
Investments in private companies	–	–	500	500
Total assets in the fair value hierarchy	171,800	–	500	172,300
Investments measured at NAV (a)	–	–	–	14,953
Total investments measured at fair value	<u>\$ 171,800</u>	<u>\$ –</u>	<u>\$ 500</u>	<u>\$ 187,253</u>
Financial derivative instruments				
Foreign exchange contracts	\$ –	\$ 116	\$ –	\$ 116
Total derivatives measured at fair value	<u>\$ –</u>	<u>\$ 116</u>	<u>\$ –</u>	<u>\$ 116</u>

Assets (liabilities) at fair value as of December 31, 2022

(\$000)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 145,082	\$ –	\$ –	\$ 145,082
Exchange traded funds	418	–	–	418
Unit trusts	3,143	–	–	3,143
Investments in private companies	–	–	3,332	3,332
Total assets in the fair value hierarchy	148,643	–	3,332	151,975
Investments measured at NAV (a)	–	–	–	12,526
Total investments measured at fair value	<u>\$ 148,643</u>	<u>\$ –</u>	<u>\$ 3,332</u>	<u>\$ 164,501</u>
Financial derivative instruments				
Foreign exchange contracts	\$ –	\$ (2,367)	\$ –	\$ (2,367)
Total derivatives measured at fair value	<u>\$ –</u>	<u>\$ (2,367)</u>	<u>\$ –</u>	<u>\$ (2,367)</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

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. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The Association classifies its fixed income securities as available-for-sale (AFS) in accordance with ASC 320, *Investments – Debt Securities*. The AFS securities are reported at fair value and classified as Investments on the combined statements of financial position. The Association uses the specific identification method for determining realized gains and losses on sales of AFS securities. The cost of securities sold is based on the specific identification method and realized gains and losses are included in Investment return, net of expenses in the combined statements of activities, net assets, and preferred stock. For the year ended December 31, 2023, proceeds from sales and maturities of AFS securities were \$10,073,000.

The following table summarizes the amortized cost basis, allowance for credit loss, gross unrealized gains (losses), and fair value of investments in debt securities classified as AFS as of December 31, 2023:

	(\$000)			
	Amortized cost basis	Gross unrealized gains	Gross unrealized loss	Fair value
US treasury issues	\$ 37,224	\$ 228	\$ (22)	\$ 37,430

The following table summarizes the amortized cost basis and fair value of the AFS securities by contractual maturity as of December 31, 2023:

	(\$000)	
	Amortized cost basis	Fair value
Less than 1 year	\$ 27,566	\$ 27,793
1 to 5 years	9,658	9,637
	<u>\$ 37,224</u>	<u>\$ 37,430</u>

Fair value of investments that calculate net asset value per share

The following table summarizes investments measured at fair value based on the NAV per share as of December 31, 2023 and 2022:

Investment name	Unfunded commitment	Redemption frequency (if currently eligible)	Redemption notice period	2023 Fair value	2022 Fair value
				(\$000)	
Global Equity Long-Only Fund LP	None	Daily	3 days	\$ 14,953	\$ 12,526

The investment in limited partnership has certain redemption restrictions. Withdrawals can be made from the capital account on any business day by giving three days' notice to the general partner. Such notice is irrevocable, unless the general partner determines to allow the notice to be revoked.

Global Equity Long-Only Fund LP: The Fund pursues its investment objective primarily through investing in long positions in global public equity securities.

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The following sets forth a summary of changes in fair value of the Association's Level 3 assets for the period from January 1, 2022 to December 31, 2023:

	(\$000)
Balance, January 1, 2022.....	\$ 2,500
Purchase of convertible instrument	500
Unrealized gain (loss)	<u>332</u>
Balance, December 31, 2022	3,332
Transfer out of Level 3 and convert to cost basis investment	<u>(2,832)</u>
Balance, December 31, 2023	<u>\$ 500</u>

The Association converted a convertible debt instrument with a value of \$2,832,000 at December 31, 2022 into a non-marketable equity security during 2023.

Note 6 - Building, furniture, equipment and leasehold improvements

Building, furniture, equipment and leasehold improvements consist of:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Furniture	\$ 4,081	\$ 4,194
Equipment.....	10,321	9,876
Leasehold improvements	25,346	25,125
Building.....	<u>3,339</u>	<u>3,333</u>
	43,087	42,528
Less accumulated depreciation and amortization.....	<u>27,168</u>	<u>22,489</u>
	<u>\$ 15,919</u>	<u>\$ 20,039</u>

Note 7 – Software and technology

Software and technology consist of the following:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Internal-use software and technology	\$ 116,333	\$ 107,296
Software and technology for sale	<u>18,281</u>	<u>5,954</u>
	134,614	113,250
Less accumulated depreciation and amortization.....	<u>66,087</u>	<u>45,359</u>
	<u>\$ 68,527</u>	<u>\$ 67,891</u>

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In 2018, the AICPA, CPA.com, Private Companies Practice Section, and a number of the U.S.'s largest public accounting firms came together to develop a new Dynamic Audit Solution (DAS), to be built on software from a leading technology provider. The goal of this collaborative effort is to develop an audit methodology. The AICPA has received funding from CPA firms' which is recognized as a deferred liability when the cash is received, and the liability is reduced when expenditures are incurred. Accordingly, no revenue or expense is recognized in the combined statements of activities, net assets, and preferred stock. To date, the AICPA has received \$40,182,000 in firm funding, which has been fully expended in development costs. As part of funding firm agreements, funds received will be reimbursed in the form of discounts or distributions once DAS is broadly commercially available and profitable.

The Association applied ASC 985-20, *Software to be sold, leased, or marketed*, and determined that technological feasibility was established when DAS was made available for sale in 2022. To date, the Association has incurred \$15,101,000 of development costs, which has been capitalized and included in Software and technology, net in the combined statements of financial position.

Note 8 – Goodwill

The following table summarizes changes in the carrying amount of goodwill for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Goodwill	\$ 14,786	\$ 14,786
Less accumulated amortization	<u>6,909</u>	<u>5,431</u>
	<u>\$ 7,877</u>	<u>\$ 9,355</u>

Note 9 – Leases

The Association has lease arrangements on office buildings across geographic regions globally. These leases are all classified as operating leases and typically have an original term not exceeding 15 years. Some leases contain multi-year renewal options, some of which are reasonably certain of exercise. Payments under these lease arrangements are all fixed.

Lease expenses from operating leases were approximately \$9,604,000 and \$10,357,000 for the years ended December 31, 2023 and 2022.

Lease liability maturities as of December 31, 2023, are as follows:

	<u>Operating leases</u>
	(\$000)
2024	\$ 11,119
2025	9,583
2026	9,107
2027	8,891
2028	8,928
Thereafter	<u>28,594</u>
Total undiscounted lease payments	76,222
Less imputed interest	<u>8,262</u>
Total lease liability	<u>\$ 67,960</u>

The weighted-average remaining lease term and discount rate related to the Association's lease liabilities as of December 31, 2023 were 8.11 years and 2.84%.

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Note 10 – Commitments and contingencies

Computerization of the Uniform CPA Examination

In connection with the Domestic Examination, the AICPA is party to an agreement with NASBA and Prometric, which expires in 2039, whereby the AICPA delivers the Domestic Examination in a computer-based format. NASBA develops and maintains the National Candidate Database, which serves as the gateway for candidates applying to take the Domestic Examination. Prometric is responsible for providing scheduling, test preparation, test delivery and results processing of the Domestic Examination in a computer-based testing environment consistent with the 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 Domestic Examination. Through December 31, 2023, approximately \$367,114,000 of revenue and \$364,087,000 of costs have been incurred. For the years ended December 31, 2023 and 2022, the AICPA recognized revenue of approximately \$22,597,000 and \$15,565,000. Accordingly, costs equal to the revenue recognized have been expensed. At December 31, 2023, the balance of revenues in excess of costs of \$3,027,000 is included in Accounts payable and other liabilities in the accompanying combined statements of financial position.

In conjunction with the International Examination Agreement, the AICPA offers the International Examination throughout the world in approved countries.

Other commitments

The Association entered into a multi-year Master Service Agreement with a technology provider to provide IT Support, including the development and implementation of select software systems. The agreement specifies that the Association will pay for these costs over time and the future commitments are included below.

The Association has other commitments for service agreements with various vendors that relate primarily to information technology and marketing services. Minimum commitments in effect as of December 31, 2023, are:

	<u>(\$000)</u>
2024	\$ 19,853
2025	18,967
2026	3,159

Amounts purchased under these service agreements for the years ended December 31, 2023 and 2022 were \$17,719,000 and \$19,346,000.

Letters of credit

As of December 31, 2023, the Association has irrevocable standby letters of credit associated with its North Carolina and New York leases of \$167,000 and \$224,000, respectively, which expire on July 31, 2024, and July 14, 2024. In addition, the Association has a letter of credit with ICANN in the amount of \$39,000, which expires on May 7, 2024.

Line of credit

The Association has available a line of credit with a bank for short-term borrowings of up to \$50,000,000 with the ability to increase the line of credit, subject to lender approval, up to \$70,000,000. The line of credit has interest at the Secured Overnight Financing Rate (SOFR) plus applicable margin. Amounts outstanding under the line of credit are collateralized by certain investments. There were no outstanding borrowings at December 31, 2023 and 2022, beyond the letters of credit. The line of credit expires on April 12, 2025.

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Credit limit

The Association has a credit limit with a bank for its corporate credit cards of \$3,000,000.

Amounts outstanding against the credit line are collateralized by certain investments. The amounts outstanding as of December 31, 2023 and 2022 were \$2,184,000 and \$366,000 and are included in accounts payable and other liabilities in the combined statements of financial position.

Litigation

From time to time, the Association 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 Association's financial condition or change in net assets.

Note 11 – Taxation

The Association's effective tax rate differs from the federal statutory rate primarily as a result of state taxes, the change in the valuation allowance, and the nondeductible goodwill since 2015 is no longer presented.

Income tax (benefit) expense consists of the following:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Current		
Federal	\$ 1,280	\$ –
State	<u>1,112</u>	<u>951</u>
Deferred		
Federal	482	420
State	<u>(15)</u>	<u>(278)</u>
	<u>\$ 2,859</u>	<u>\$ 1,093</u>

Temporary differences that give rise to deferred tax assets and liabilities are as follows:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Net operating loss	\$ 419	\$ 1,731
Deferred income	88	87
Accrued compensation and benefits	1,409	881
ASC 842 Leases	62	49
Capital gains	329	–
Contract asset	945	–
Depreciation and amortization	<u>26</u>	<u>22</u>
Total deferred tax assets	3,278	2,770
Unrealized loss	(2,031)	(1,050)
Equity in income of investee	(35)	–
Gain on sale	(26)	–
Domain name amortization	<u>(201)</u>	<u>(269)</u>
Total deferred tax liabilities	(2,293)	(1,319)
Net deferred tax assets	<u>\$ 985</u>	<u>\$ 1,451</u>

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The net deferred tax asset has been decreased by approximately \$470,000 based mainly on the usage of net operating losses and changes in accrual balances.

As of December 31, 2023 and 2022, the Association has net operating loss carryforwards for U.S. federal income tax purposes of approximately \$0 and \$5,405,000, respectively, that begins to expire in 2024 through 2035. The timing and manner in which the loss carryforwards can be utilized in any year by the Association may be limited by Internal Revenue Code (IRC) Section 382. As of December 31, 2023 and 2022, the Association has utilized all net operating loss carryforwards for U.S. federal income tax purposes. As of December 31, 2023 and 2022, the Association has net operating loss carryforwards for certain state income tax purposes of \$3,970,000 and \$5,240,000, respectively, that begin to expire in 2034. Further, the Association has net operating loss carryforwards for certain city income taxes of \$3,062,000 and \$4,675,000, respectively, that expire in 2023 through 2031. The Association's net operating loss carryforwards from closed years can be adjusted by the tax authorities when they are utilized in an open year.

For tax years beginning after January 1, 2022, corporations are required to capitalize direct research and development costs and costs deemed incidental to research under Section 174. The Association has evaluated the new regulations and there is no material impact to the Association for the year ended December 31, 2023 and 2022.

Note 12 – Employee benefit plans

Defined benefit pension plans

The AICPA sponsors a noncontributory defined benefit pension plan (the 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. On June 30, 2013, the AICPA closed the Plan to new entrants and froze future benefit accruals to existing employees. In February 2024, the AICPA distributed a notice of intent to terminate the Plan to all current participants and in March of 2024, filed a formal document requesting review and approval of the termination by the Internal Revenue Service.

The Society of Actuaries (SOA) publishes mortality tables and improvement scales, which are used in developing the best estimate of mortality for plans in the U.S. In 2023 and 2022, the SOA updated the mortality improvement scale. The AICPA updated the assumptions for the purposes of measuring the pension and postretirement health care plans at December 31, 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Discount rate	5.00%	5.20%
Rate of compensation increase.....	N/A	N/A

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

	<u>2023</u>	<u>2022</u>
Discount rate	5.20%	2.90%
Expected return on plan assets.....	5.10%	2.70%
Rate of compensation increase.....	N/A	N/A

The AICPA 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.

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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 December 31, 2024, the AICPA does not expect to contribute to the Plan.

The following tables provide further information about the Plan:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Projected benefit obligation	\$ 107,928	\$ 105,957
Fair value of plan assets, net of plan liabilities of \$111 and \$95 and accrued income of \$960 and \$895.....	<u>99,219</u>	<u>98,576</u>
Net unfunded status of the plan recognized as a liability in the combined statements of financial position	<u>\$ 8,709</u>	<u>\$ 7,381</u>
Employer contributions	<u>\$ —</u>	<u>\$ —</u>
Benefit payments	<u>\$ (6,766)</u>	<u>\$ (6,616)</u>
Accumulated benefit obligation	<u>\$ 107,928</u>	<u>\$ 105,957</u>
Periodic pension expense for the year	<u>\$ 758</u>	<u>\$ 2,577</u>

Amounts in net assets without donor restrictions that have not yet been recognized as a component of net periodic benefit expense comprise the following:

	<u>Unrecognized prior service cost</u>	<u>Actuarial (gain) loss</u>	<u>Total</u>
	(\$000)		
Balance, December 31, 2021	\$ 351	\$ 33,397	\$ 33,748
Increase during the year ended December 31, 2022	—	6,639	6,639
Amortization during the year ended December 31, 2022	<u>(11)</u>	<u>(1,093)</u>	<u>(1,104)</u>
Balance, December 31, 2022	340	38,943	39,283
Increase during the year ended December 31, 2023	—	856	856
Amortization during the year ended December 31, 2023	<u>(11)</u>	<u>(275)</u>	<u>(286)</u>
Balance, December 31, 2023	<u>\$ 329</u>	<u>\$ 39,524</u>	<u>\$ 39,853</u>

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The Plan recognized significant losses in the benefit obligation in 2022, which were primarily driven by unfavorable returns of the plan’s assets as compared to the expected rate of return.

Estimated future plan payments reflecting expected future service for each of the five years subsequent to December 31, 2023, and in the aggregate for the five years thereafter, are as follows:

	(\$000)
2024	\$ 7,156
2025	7,155
2026	7,237
2027	7,321
2028	7,393
2029 to 2033	37,402

The Plan’s overall investment strategy is a dynamic asset allocation strategy, which is intended to reduce volatility with the Plan’s funded status as the funded status improves over time. As the Plan’s funded status improves, the target allocation of the Plan’s assets in fixed income investments will increase and overall target allocation of the Plan’s assets in equity and other types of investments will decrease. The target asset allocations are 90–100% fixed income and 0–10% equity securities. 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 with the assistance of a paid investment consultant and an investments committee comprised of AICPA members with investment industry experience. Performance of the investment manager is reviewed quarterly by the investments committee. A listing of permitted and prohibited investments is maintained in the AICPA’s Statement of Investment Policy, dated July 2022. Fixed income investments include securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises, mutual funds, and corporate bonds from diversified industries.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

U.S. Treasury bonds: Valued based on institutional bond quotes reported on the active market on which the individual securities are traded.

U.S. Treasury strips: Valued using stripped interest and principal yield curves from levels obtained from live data from various brokers and market data.

Corporate and foreign bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bonds are valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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The fair values of the Plan's assets at December 31, 2023 and 2022, by asset category, are as follows:

	<u>Assets at fair value as of December 31, 2023</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
		(\$000)	
Total investments at fair value – fixed income securities	<u>\$ 27,157</u>	<u>\$ 71,213</u>	<u>\$ 98,370</u>
	<u>Assets at fair value as of December 31, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
		(\$000)	
Total investments at fair value – fixed income securities	<u>\$ 18,321</u>	<u>\$ 79,455</u>	<u>\$ 97,776</u>

CIMA sponsors The Chartered Institute of Management Accountants Pension and Assurance Scheme (the Scheme), a funded defined benefit pension scheme in the UK. The Scheme is administered within a trust that is legally separate from CIMA. Trustees are appointed by both CIMA and the Scheme's membership and act in the interest of the Scheme and all relevant stakeholders, including the members and CIMA. The Trustees are also responsible for the investment of the Scheme's assets.

This Scheme provides pensions and lump sums to members on retirement and to their dependents on death. Members who leave service before retirement are entitled to a deferred pension. The Scheme closed to new members in 2002 and to accrual of benefits in 2012.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. An actuarial valuation was carried out on April 1, 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

The results of the formal actuarial valuation on April 1, 2021, have been projected to December 31, 2023, by a qualified independent actuary. The figures in the following disclosures were measured using the Projected Unit Method.

CIMA and the Scheme agreed to a plan to reduce the liability by 2024 through additional contributions from CIMA and expected investment returns on the Scheme's assets.

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

	<u>2023</u>	<u>2022</u>
Discount rate	4.50%	4.80%
Rate of compensation increase.....	N/A	N/A

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

	<u>2023</u>	<u>2022</u>
Discount rate	4.80%	1.85%
Expected return on plan assets.....	7.32%	4.44%
Rate of compensation increase.....	N/A	N/A

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

The expected rate of return on Scheme assets has been derived using a weighted average of the expected returns above the gilt yield at the Scheme's liability duration of 20 years.

For the year ending December 31, 2024, CIMA expects to contribute \$3,565,000 to the Scheme.

The following tables provide further information about the Scheme:

	2023	2022
	(\$000)	
Projected benefit obligation	\$ 54,407	\$ 48,878
Fair value of plan assets	<u>50,286</u>	<u>44,490</u>
Net unfunded status of the plan recognized as a liability in the combined statements of financial position	<u>\$ 4,121</u>	<u>\$ 4,388</u>
Employer contributions	<u>\$ 3,348</u>	<u>\$ 3,711</u>
Benefit payments	<u>\$ 1,718</u>	<u>\$ 1,927</u>
Accumulated benefit obligation	<u>\$ 54,407</u>	<u>\$ 48,878</u>
Foreign currency adjustment	<u>\$ (218)</u>	<u>\$ (212)</u>
Periodic pension benefit for the year	<u>\$ 1,025</u>	<u>\$ 2,013</u>

Amounts in net assets without donor restrictions that have not yet been recognized as a component of net periodic benefit cost comprise the following:

	Unrecognized prior service cost	Actuarial (gain) loss	Total
	(\$000)		
Balance, December 31, 2021	\$ 211	\$ (5,760)	\$ (5,549)
Decrease during the year ended December 31, 2022	–	9,112	9,112
Amortization during the year ended December 31, 2022	(11)	–	(11)
Foreign currency adjustment	(28)	408	380
Balance, December 31, 2022	<u>172</u>	<u>3,760</u>	<u>3,932</u>
Increase during the year ended December 31, 2023	–	3,899	3,899
Amortization during the year ended December 31, 2023	(11)	–	(11)
Foreign currency adjustment	8	289	297
Balance, December 31, 2023	<u>\$ 169</u>	<u>\$ 7,948</u>	<u>\$ 8,117</u>

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The Plan recognized significant losses in the benefit obligation in 2023, which were primarily related to losses driven by the change of actuarial assumptions. The Plan recognized significant losses in the benefit obligation in 2022, which were primarily driven by unfavorable returns of the Plan's assets as compared to the expected rate of return.

Estimated future Scheme payments reflecting expected future service for each of the five years subsequent to December 31, 2023, and in the aggregate for the five years thereafter, are as follows:

	(\$000)
2024	\$ 2,530
2025	2,709
2026	2,640
2027	2,695
2028	2,803
2029 to 2033	14,625

The Scheme's overall investment strategy is to achieve a return in excess of the Scheme actuary's discount rate and to reduce investment volatility compared to investing in a pure equity portfolio. Protection has been bought against part of the interest rate and inflation rate risk.

All investment managers were chosen following interviews by the Trustees of the Scheme based on advice from a paid investment consultant. The Trustees have compiled a Statement of Investment Principles setting out their long-term objectives and processes for monitoring performance of the investment managers. Investment risk is managed through the use of levered liability-driven investments and the use of a diverse non-correlated investment portfolio.

The Trustees adopted a strategic asset allocation for the Scheme and monitor the funding level regularly. It is intended that any investment gains above a certain level will be used to reduce the expected return and volatility while aiming to reach full funding at the end of the current recovery plan.

The Scheme's asset allocation does not intend, for now, to hold any physical gilts or bonds, but to use levered liability-driven investments to manage interest and inflation risk. The growth assets are diversified across smart beta equity portfolios, emerging market equities, property yields, private markets, and secured finance. The equity allocation is global.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual funds: The Scheme invests in SICAV, Fonds Commun de Placement, and open-end investment funds located in the UK and Luxembourg. Funds held by the Scheme are regulated by the Financial Conduct Authority in the UK and European Union Directives based on where the funds are domiciled. These funds actively publish prices daily and accept orders, with the final transaction price being determined at a fixed point each day once all orders are placed.

Alternative investment funds: The Scheme invests in alternative investment funds. The NAV, as provided by the fund, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

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The fair values of the Scheme assets at December 31, 2023 and 2022, by asset category, are as follows:

	<u>Assets at fair value as of December 31, 2023</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	(\$000)		
Equity securities			
Liability driven investment funds	\$ -	\$ 31,189	\$ 31,189
Diversified growth funds	<u>-</u>	<u>5,774</u>	<u>5,774</u>
Total equity securities		36,963	36,963
Investments measured at NAV (a)	<u>-</u>	<u>-</u>	<u>13,323</u>
Total investments at fair value	<u>\$ -</u>	<u>\$ 36,963</u>	<u>\$ 50,286</u>

	<u>Assets at fair value as of December 31, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	(\$000)		
Equity securities			
Liability driven investment funds	\$ 790	\$ 24,141	\$ 24,931
Diversified growth funds	<u>-</u>	<u>2,850</u>	<u>2,850</u>
Total equity securities	790	26,991	27,781
Investments measured at NAV (a)	<u>-</u>	<u>-</u>	<u>16,709</u>
Total investments at fair value	<u>\$ 790</u>	<u>\$ 26,991</u>	<u>\$ 44,490</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line item presented earlier in this note.

Fair value of investments that calculate NAV

The following table summarizes investments measured at fair value based on the NAV per share as of December 31, 2023 and 2022:

<u>Investment name</u>	<u>Unfunded commitment</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>	<u>2023 Fair value</u>	<u>2022 Fair value</u>
				(\$000)	
Partners Fund	None	Monthly	1 month + 1 day	\$ 6,094	\$ 8,001
Insight Secured Finance Fund	None	Quarterly	3 months	<u>7,229</u>	<u>8,708</u>
Total				<u>\$ 13,323</u>	<u>\$ 16,709</u>

Partners Fund

The Fund's investment strategy is to offer investors the attractive risk/return potential of a combined alternative investment portfolio by investing in a combination of different alternative asset classes and/or alternative investment strategies. The primary investment objective is to achieve capital growth over the medium to long term.

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Insight Secured Finance Fund

The Fund invests primarily in a variety of debt and debt-related securities, loan investments, and structural financial instruments. The Fund seeks to produce an annual interest-based return.

Postretirement plan

The AICPA sponsors unfunded employee post-retirement 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 combined statements of financial position are:

	<u>2023</u>	<u>2022</u>
Discount rate	4.95%	5.15%

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

	<u>2023</u>	<u>2022</u>
Discount rate	5.15%	2.75%

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

The assumed health care cost trend rates used to measure the expected cost of benefits under the post-retirement health care plan were expected to increase by 7.25% for participants under the age of 65 and 7.50% for participants age 65 and over in 2023. These rates are assumed to gradually decrease until reaching 5% in 2030 for all participants.

For the year ending December 31, 2024, the AICPA expects to contribute \$366,000 to the postretirement plan.

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

	<u>2023</u>	<u>2022</u>
	(\$000)	
Post-retirement benefit obligation	<u>\$ 4,334</u>	<u>\$ 5,129</u>
Net unfunded status of the plan recognized as a liability in the combined statements of financial position	<u>\$ 4,334</u>	<u>\$ 5,129</u>
Employer contributions	<u>\$ 359</u>	<u>\$ 382</u>
Benefit payments	<u>\$ (416)</u>	<u>\$ (423)</u>
Periodic post-retirement expense for the year	<u>\$ 308</u>	<u>\$ 319</u>

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Amounts in net assets without donor restrictions that have not yet been recognized as a component of net periodic benefit cost comprise the following as of December 31, 2023, and 2022:

	Unrecognized prior service credit	Actuarial (gain) loss	Total
		(\$000)	
Balance, December 31, 2021	\$ (3)	\$ 1,120	\$ 1,117
Decrease during the year ended December 31, 2022	–	(1,404)	(1,404)
Amortization during the year ended December 31, 2022	3	(64)	(61)
Balance, December 31, 2022	–	(348)	(348)
Decrease during the year ended December 31, 2023	–	(745)	(745)
Balance, December 31, 2023	<u>\$ –</u>	<u>\$ (1,093)</u>	<u>\$ (1,093)</u>

Estimated future post-retirement benefit payments reflecting expected future service for each of the five years subsequent to December 31, 2023, and in the aggregate for the five years thereafter, are as follows:

	(\$000)
2024	\$ 366
2025	360
2026	354
2027	350
2028	347
2029–2033.....	1,650

Defined contribution plans

The Association also sponsors separate defined contribution plans covering substantially all employees meeting minimum age and service requirements. Participation in the plans is optional and employer contributions being made to the plan are in amounts equal to a certain percentage of employees' contributions. The cost of these plans was \$8,520,000 and \$8,379,000 for the years ended December 31, 2023 and 2022.

Deferred compensation

The Association has a nonqualified deferred compensation plan for certain key employees. Amounts accrued under this plan are \$11,608,000 and \$9,731,000 as of December 31, 2023 and 2022 and are included in the accompanying combined statements of financial position as a component of accounts payable and other liabilities. As of December 31, 2023 and 2022, unvested deferred compensation expense to be recognized over a period of 36 months was \$960,000 and \$815,000.

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Note 13 – Preferred stock and net assets

Preferred stock and net assets as of December 31, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Preferred stock	<u>\$ 7,500</u>	<u>\$ 7,500</u>
Net assets with donor restrictions:		
Bold Ambition/Accounting+	\$ 25,039	\$ 42,324
CIMA Examination Fund	124	124
Foundation CGMA Global	80	–
Foundation Financial Accounting	1	1
Foundation Accounting Scholars Leadership Workshop	86	–
Foundation John L. Carey Scholarships	50	85
ARA – Audit Analytics	<u>–</u>	<u>32</u>
Net assets with donor restrictions	<u>\$ 25,380</u>	<u>\$ 42,566</u>
Net assets without donor restrictions	<u>\$ 118,287</u>	<u>\$ 115,268</u>

In 2016, the Foundation Trustees designated unrestricted funds to supplement the continuation of the ADS program. As of December 31, 2023 and 2022, the balance of the funds was \$269,000 and \$740,000. In 2023, the Foundation Trustees designated \$280,000 in unrestricted funds to create the newly formed Fellowship for Accounting Doctoral Students.

Donor-restricted net assets are subject to donor-imposed stipulations that can be met either by actions of Center for Audit Quality (CAQ), CIMA, Foundation and ARA and/or the passage of time.

Net assets with donor restrictions

Bold Ambition/Accounting+

Bold Ambition/Accounting+ are initiatives led by the CAQ. Bold Ambition is a collective platform highlighting the profession’s commitment to diversity, equity, and inclusion. Accounting+ is a multi-year national brand awareness campaign and career support platform targeted to Black and Hispanic/Latino high school and college students designed to increase awareness and diversity in the accounting talent pipeline.

CIMA Examination Fund

Founded in honor of CIMA member Harry Robinson, the fund was created to reward selected candidates for successful completion of the CIMA examination.

Foundation CGMA Global

Funded to support CGMA management accounting education and grow the next generation of professional management accountants.

Foundation Accounting Scholars Leadership Workshop

The Accounting Scholars Leadership Workshop (ASLW) is an annual AICPA Foundation-sponsored event that aims to increase the representation of people in the profession from ethnically diverse backgrounds and underrepresented populations. In addition, it focuses on encouraging and supporting students from diverse backgrounds interested in pursuing a career in accounting and finance.

Foundation John L. Carey Scholarships

Founded in honor of former AICPA President John L. Carey upon his retirement. The scholarship program provides financial assistance to liberal arts undergraduates who are pursuing graduate accounting study at a college or university whose business administration program is accredited by the Association to Advance Collegiate Schools of Business International.

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Accounting Research Association – Audit Analytics

ARA audit analytics program facilitates the integration of data analytics in the audit process, and demonstrates through research this can lead to advancements in the public accounting profession.

Note 14 – Affiliated party transactions

The AICPA sponsors the American Institute of Certified Public Accountants Insurance Trust (Trust) and receives royalty, advertising, and general and administrative services fees from the sponsorship. The AICPA received net revenue of \$5,234,000 and \$4,627,000 from the Trust for the years ended December 31, 2023 and 2022.

Note 15 – Foreign operations

For the years ended December 31, 2023 and 2022, approximately 19% and 23%, of the Association's revenue and gains without donor restrictions were derived outside of the U.S., primarily in the UK.

Note 16 – Accumulated translation adjustment

Translation adjustments for the years ended December 31, 2023 and 2022 consist of foreign currency translation adjustments associated with Association's combined foreign entities. Changes in accumulated translation adjustments are reported in the combined statements of activities, net assets, and preferred stock. The amount of accumulated translation adjustment is included within Net assets without donor restrictions at December 31, 2023 and 2022 in the combined statements of financial position. The changes in accumulated translation adjustment for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	(\$000)	
Balance at beginning of year	\$ (1,897)	\$ (3,011)
Foreign currency translation adjustments	<u>(896)</u>	<u>1,114</u>
Balance at end of year	<u>\$ (2,793)</u>	<u>\$ (1,897)</u>

Note 17 – Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure through April 23, 2024, which is the date the combined financial statements were available to be issued.

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