

1954

AIA Annual report 1953-54

American Institute of Accountants

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AMERICAN

INSTITUTE

OF

ACCOUNTANTS

1953-1954 ANNUAL REPORT



A SUMMARY OF ACTIVITIES OF THE
NATIONAL PROFESSIONAL SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

ANNUAL REPORT 1953-1954

AMERICAN INSTITUTE OF ACCOUNTANTS
270 MADISON AVENUE • NEW YORK 16, NEW YORK

**Officers
and
Executive
Committee
1953-54**

ARTHUR B. FOYE, *President*
M. C. CONICK, *Vice President*
JAMES E. HAMMOND, *Vice President*
WALLACE M. JENSEN, *Vice President*
JOHN A. PEYROUX, JR., *Vice President*
WILLIAM M. BLACK, *Treasurer*
ROY C. COMER
J. WILLIAM HOPE
JOHN B. INGLIS
ALVIN R. JENNINGS
SAUL LEVY
J. A. PHILLIPS
ROBERT E. WITSCHY
JOHN L. CAREY, *Executive Director*



Left to right: Witschey, Jensen, Jennings, Inglis, Phillips, Carey, Foye, Peyroux, Black, Hammond, Conick, Hope and Comer.

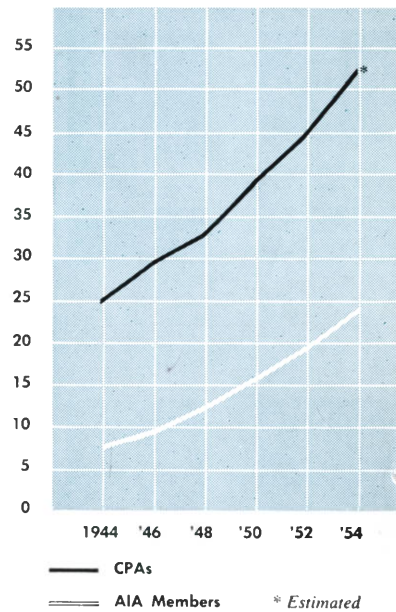
TO THE MEMBERS

Please read this report. You are faced with many problems which can be solved best by collective action through your professional societies of certified public accountants.

To be fully effective these societies must have the active support of their members. You must know what the societies are doing and propose to do, and those charged with administering the affairs of the societies must know what you think of these things.

You and more than 24,000 other members of the Institute are kept regularly informed of Institute activities through *The Journal of Accountancy* and *The CPA*. Full reports of officers, Council and committees are available on request to members who desire more detailed information. This report is arranged, therefore, so that he who runs may read, but may still get a broad view of the Institute's work in the past year.

Thousands



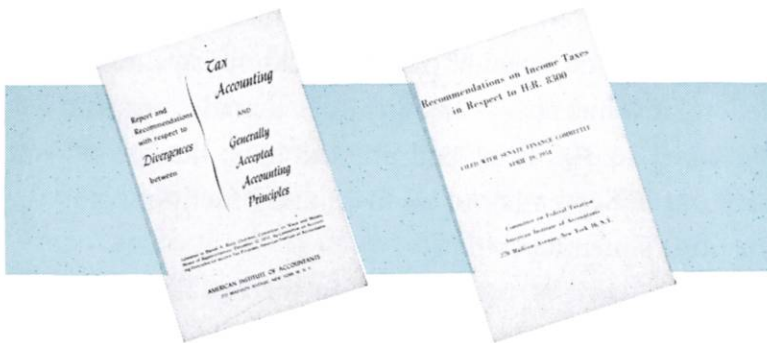


FINANCIAL HIGHLIGHTS 1953-54

<i>Income – from principal sources</i>	Amount	% of Total
Membership dues	\$ 643,155	47
The Journal of Accountancy.....	355,867	26
Fees from CPA examinations.....	174,143	13
Special publications	137,052	10
Income from investments and sundry.....	51,355	4
TOTAL INCOME	\$1,361,572	100
<i>Expenses – by principal activities</i>		
Education, CPA examinations, development of accounting personnel, library..	\$ 304,544	23
The Journal of Accountancy.....	190,136	14
General office and publication service....	165,266	13
Publications to members.....	130,697	10
Administration	110,246	8
Research	100,954	8
Rent	80,456	6
Public relations	70,867	5
State society and membership services....	45,849	4
Meetings	42,892	3
Membership promotion and admissions... ..	30,349	2
Expenses in connection with tax practice..	24,697	2
Pensions	23,378	2
TOTAL EXPENSES.....	\$1,320,331	100

It is difficult to select any part of the work for special mention without running the risk of under-emphasizing something of equal importance. Several matters, however, are of special timely interest:

- *the contribution to the new Internal Revenue Code;*
- *the defense of the CPA's position in tax practice;*
- *the survey of audit reports to determine the extent of compliance with accepted auditing standards and procedures;*
- *the accelerated program to attract and train qualified personnel for public accounting firms;*
- *increased public service by CPAs.*



Tax Revision

Above and beyond the call of duty was the effort of the committee on federal taxation to help make HR 8300 a workable and equitable tax law.

Cooperating for more extended periods than ever before with both Treasury and Congressional policy-makers and draftsmen, the Institute's committee devoted many thousands of man hours, after the bill was introduced last March, to correcting technical errors and clari-



J. S. Seidman before the Senate Finance Committee.

ifying ambiguities in the text. The committee proposed 213 specific changes in the bill in addition to some 60 major recommendations submitted to Congress prior to introduction of the bill. After the Senate passed the bill, the tax committee made 137 additional recommendations. The committee was also asked to review and report on proposed regulations for the administration of the new Internal Revenue Code.

A special committee, formed at the request of Congressman Daniel A. Reed, chairman of the House Ways and Means Committee, had presented earlier a report on divergencies between tax accounting and generally accepted accounting principles, as a result of which some of these divergencies have been eliminated.

The subcommittee on tax administration conducted two surveys on specific phases of administration of the federal revenue laws — the first questionnaire was sent last February to 300 firms and practitioners; the second was sent out in September to all firms and practitioners in the Institute's membership.

The work of the Institute in the tax field is widely recognized as top-level public service which greatly enhances the prestige of the accounting profession.

Tax Practice

At the very same time when CPAs were being asked to help in the drafting of the tax laws, some bar associations were questioning the right of CPAs to use their professional competence in aiding taxpayers to determine taxable income.

A growing number of bar associations have been asking state courts to place limitations on tax practice by accountants.

The *Agran* case in California, decided this year, following the earlier *Loeb*, *Bercu* and *Conway* cases and supplemented by the *Kearney* case in Florida and by the threatening statements of bar association spokesmen in Florida and other states, constitutes a serious threat to the long-established tax practice of accountants.

In the *Agran* case for the first time a bar association challenged the right of a CPA, enrolled to practice before the Treasury Department, to settle a client's federal tax liability with the Internal Revenue Service.

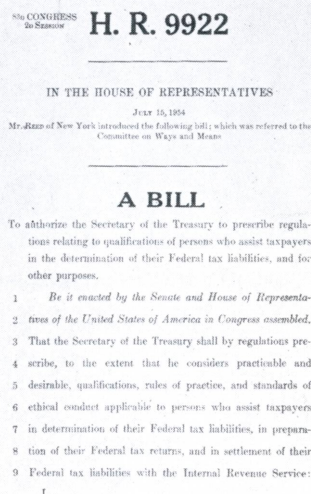
This case raises squarely the question of whether state courts can nullify a privilege granted by the federal government. The Institute immediately sought clarification from Congress and from the Treasury Department.

HR 9922, introduced in the 83rd Congress by Chairman Reed of the Ways and Means Committee, would make it clear that federal tax practice is to be regulated by the federal government alone and remain open to qualified accountants as well as lawyers and others. The American Institute is supporting this bill.

Meanwhile, the Institute has opposed before a Task Force of the Hoover Commission proposals of the American Bar Association for legislation which would centralize control over practice before all federal agencies, including the Treasury Department, and would open the doors to restriction of the scope of such practice by non-lawyers.

Efforts during the year by the National Conference of Lawyers and Certified Public Accountants to clarify the related roles of lawyers and CPAs in tax practice have not been as productive as we had hoped.

The Institute will continue, as it always has, to seek



a peaceful solution of these problems by negotiation with the legal profession through all available channels of communication. The Institute recognizes the importance of the problem to every member and, as the situation develops, will spare no effort or expense to make sure that the profession's point of view is properly presented.

Auditing Standards

Analysis of 7,134 audit reports submitted to about 300 banks in 30 states was completed this year, as a result of joint efforts of the Institute's committees on auditing procedure and relations with bankers, the research department, the Robert Morris Associates and cooperating state societies of CPAs.

The results indicated that a great majority of CPAs are complying with the accepted standards of auditing and reporting, but that the proportion of non-compliance

Survey of Audit Reports Submitted to Banks

Classification of Accounting Firms

CPAs	
AIA Members	73%
Non-Member CPAs	14%
Not Answered as to AIA Status . .	4%
Non-CPAs	9%
Total Answered	100%

Observation of Inventory

Observation Specifically Indicated . .	19%
No Statement as to Observation	37%
(about two-thirds expressed un-qualified opinions and presumably observed)	
Not Observed	44%

Confirmation of Receivables

Confirmation Specifically Indicated .	27%
No Statement as to Confirmation . . .	39%
(about two-thirds expressed un-qualified opinions and presumably confirmed)	
Not Confirmed	34%

Classification of Opinions

Unqualified	48%
Qualified	21%
Over-all opinion disclaimed	11%
No opinion and no disclaimer	20%

Form of Report

Short Form	44%
Long Form	56%
Total Answered	100%

is large enough to require continued, energetic educational activities among CPAs and bankers. This will be a major project during the coming year.

Meanwhile, the survey of audit reports, a form of self-criticism, demonstrates the genuine purpose of CPAs to raise their standards of work. A by-product of the survey was greater awareness among many bankers of the significance of opinions – or their absence or exceptions to them – in audit reports.

The executive committee believes that greater efforts by individual CPAs to serve their own community, state and nation should be encouraged. The number of our fellow members who have been called during the year to positions of responsibility in the public service provides a good index to the progress of the profession, and it may be relevant to recall a few of the assignments. In July of last year Norris Poulson took office as mayor of Los Angeles.

At the beginning of the year T. Coleman Andrews was already serving as Commissioner of Internal Revenue. In August H. F. Taggart of Ann Arbor, Michigan, was named to head an advisory committee on cost justification for the Federal Trade Commission. In November Paul Grady of New York and J. Harold Stewart of Boston were appointed task-force chairmen under the new Hoover Commission – Mr. Grady to lead the task force on lending agencies and Mr. Stewart, on budgets and accounting. In May Percival F. Brundage of New York was sworn in as Deputy Director of the Bureau of the Budget of the United States.

Recently Joseph Campbell of New York became a

Public Service



Deputy Director of the Budget Brundage (*left*) confers with Marion B. Folsom, Undersecretary of the Treasury.

member of the Atomic Energy Commission, William B. Franke of New York was made Assistant Secretary of the Navy and Paul K. Webster of Los Angeles was appointed Assistant Commissioner of Internal Revenue.

Institute committees also have carried on important public service activities during the year. In addition to the work of the federal taxation committee and the special committee on accounting principles for income tax purposes, described above, the committee on national defense has been designated as a reference group to the Defense Department's new Advisory Committee on Fiscal Organizations and Procedures; and the committee on relations with the Securities and Exchange Commission continued to aid the SEC in a consulting capacity.

Development of Accounting Personnel

The motion picture, "Accounting — the Language of Business," produced by the Institute at a cost of about \$32,000 exclusive of distribution, was released on December 1, 1953. By the end of the summer there had been

Shooting a scene for
the career film.

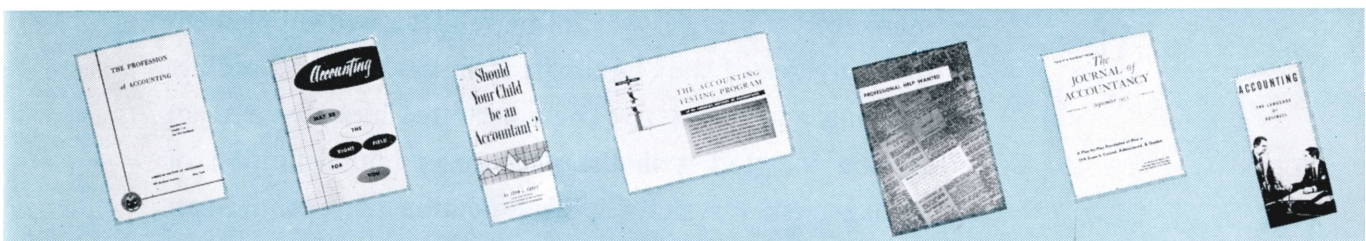


over 2,100 bookings (average number of showings per booking: one and a half) in 48 states and the District of Columbia, in addition to 177 television presentations to an estimated audience of over 15 million.

A four-page leaflet, "Professional Help Wanted," designed to interest high school students in public accounting as a career was released in December, and over 61,000 copies have been distributed.

A lengthier pamphlet, "Accounting May Be the Right Field for You," for vocational guidance counselors and students was completed during the summer.

Scores of CPAs spoke on "career-day" programs at



schools throughout the country last year, most of them using materials supplied by the Institute.

Meanwhile, the aptitude-testing program, used by high schools, colleges and accounting firms, was continued.

A continuing education program is being developed by the committee on accounting personnel for use by state societies and chapters either independently or in cooperation with university extension divisions. A pilot program, for which the Institute will furnish course outlines and other teaching aids, will be conducted this fall.

CONTINUING ACTIVITIES

During the sixty-seventh year hard-working Institute committees and departments — supported by the nation-wide membership and ably assisted by the state societies — made other significant advances. It was a year of progress in research . . . education . . . public relations . . . publications . . . Washington activities . . . membership services . . . the coordination of state and national programs, and other areas.

Management Services

Because of the increasing demand by business for a wider range of services by CPAs, a special committee on management services was formed this year to supplement the activities of the standing committees on accounting, auditing and taxation. The committee has prepared an agenda for studies in the philosophy and definition of management services, the classification of potential services which accountants are qualified to perform and the standards of performance of such services.

Auditing

The committee on auditing procedure devoted most of its attention to the survey of audit reports submitted to banks for credit purposes. In addition, however, the committee and the research department this year:

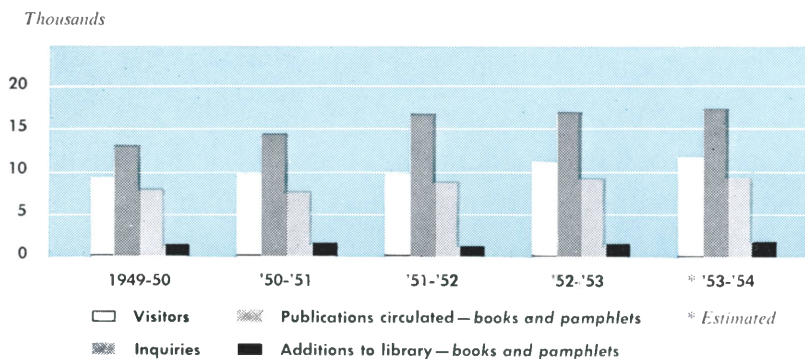
- published *Generally Accepted Auditing Standards — Their Significance and Scope*, a revision of the *Tentative Statement of Auditing Standards*, first issued in 1947;
- promoted better report writing through the publication of *Long-Form Report Practice*, an analysis of 52 long-form reports;

- revised the *Standard Bank Confirmation Form*, first published in 1940;
- drafted a booklet to illustrate the adequacy of audit samples by means of a hypothetical case;
- sent to state societies and local chapters for comment a proposed statement on reporting events subsequent to the balance-sheet date;
- scheduled a booklet on special-purpose reports for early publication.

To encourage more members and others interested to present their views on accounting subjects before formal statements are published, the committee on accounting procedure recommended – and the executive committee approved – a plan to have the research department issue unofficial statements on the pros and cons of accounting questions under consideration by the committee.

Accounting

A proposed bulletin on accounting for pension costs was sent to the state societies and chapters for comment in July. Research and drafting is continuing on another – on depreciation and high costs. The committee has also distributed a questionnaire on the preparation of consolidated financial statements.



Library Statistics
1949-1954

Education

Another step towards complete uniformity of standards for admission to the profession was taken in May, when New York became the forty-fourth state to use regularly the grading service provided by the Board of CPA Examiners and the Institute.

Almost 22,000 candidates took the Institute-prepared examination in November and May; and a staff of some 70 CPAs employed temporarily by the Institute graded more than 56,000 subject papers for state boards of accountancy.

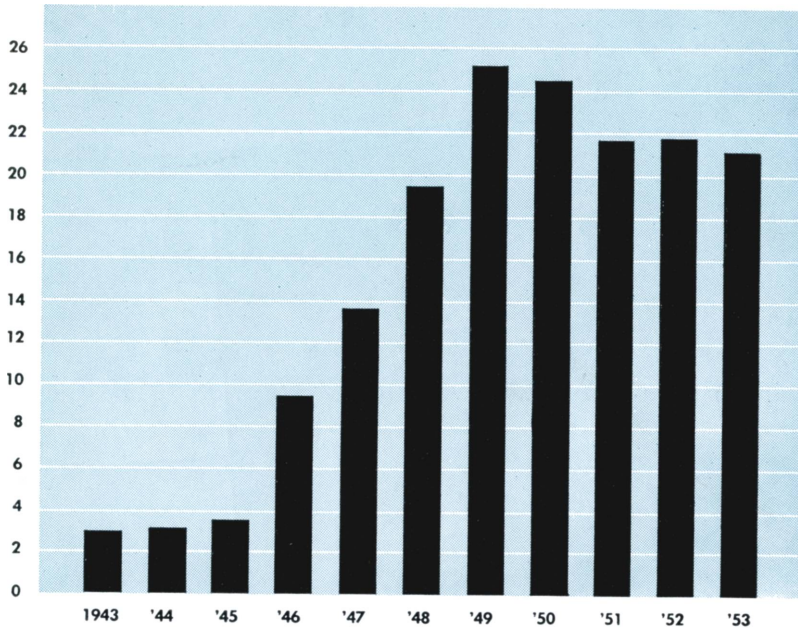
Several efforts were made to improve the performance of candidates on the examination.

The Institute through the efforts of the Board of Examiners and in cooperation with the American Accounting Association and the Association of CPA Examiners is about to publish a general information booklet for candidates. It contains sections on:

- Purpose and Nature of the Examination
- Preparation and Grading
- Function and Rules of the State Boards
- Preparing for the Examination
- Taking the Examination

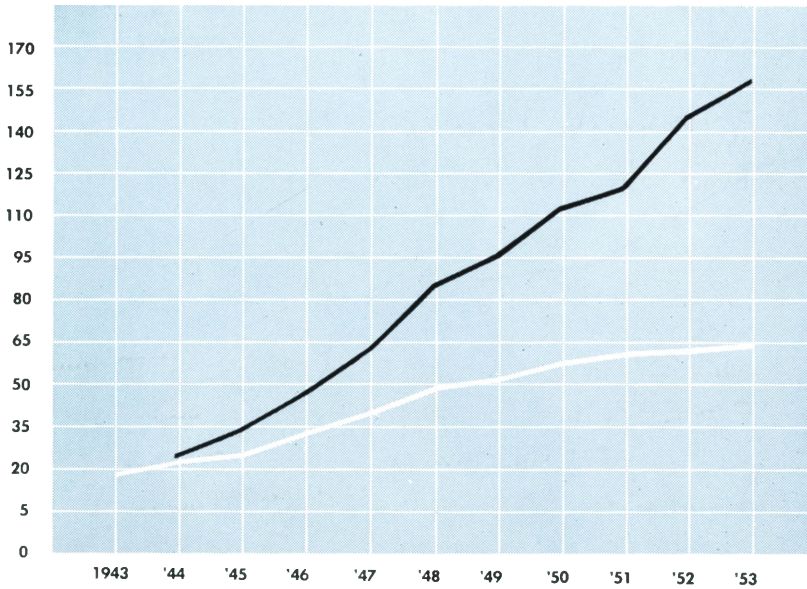
The Commission on Standards of Education and Experience for CPAs completed a detailed study of the history of CPA standards and began work on specific recommendations for uniform standards. The research of the independent commission of 25 prominent educators and practitioners is financed by state societies, state boards, and by the Institute.

Thousands



Number of Candidates sitting for the Uniform CPA Examination

Thousands

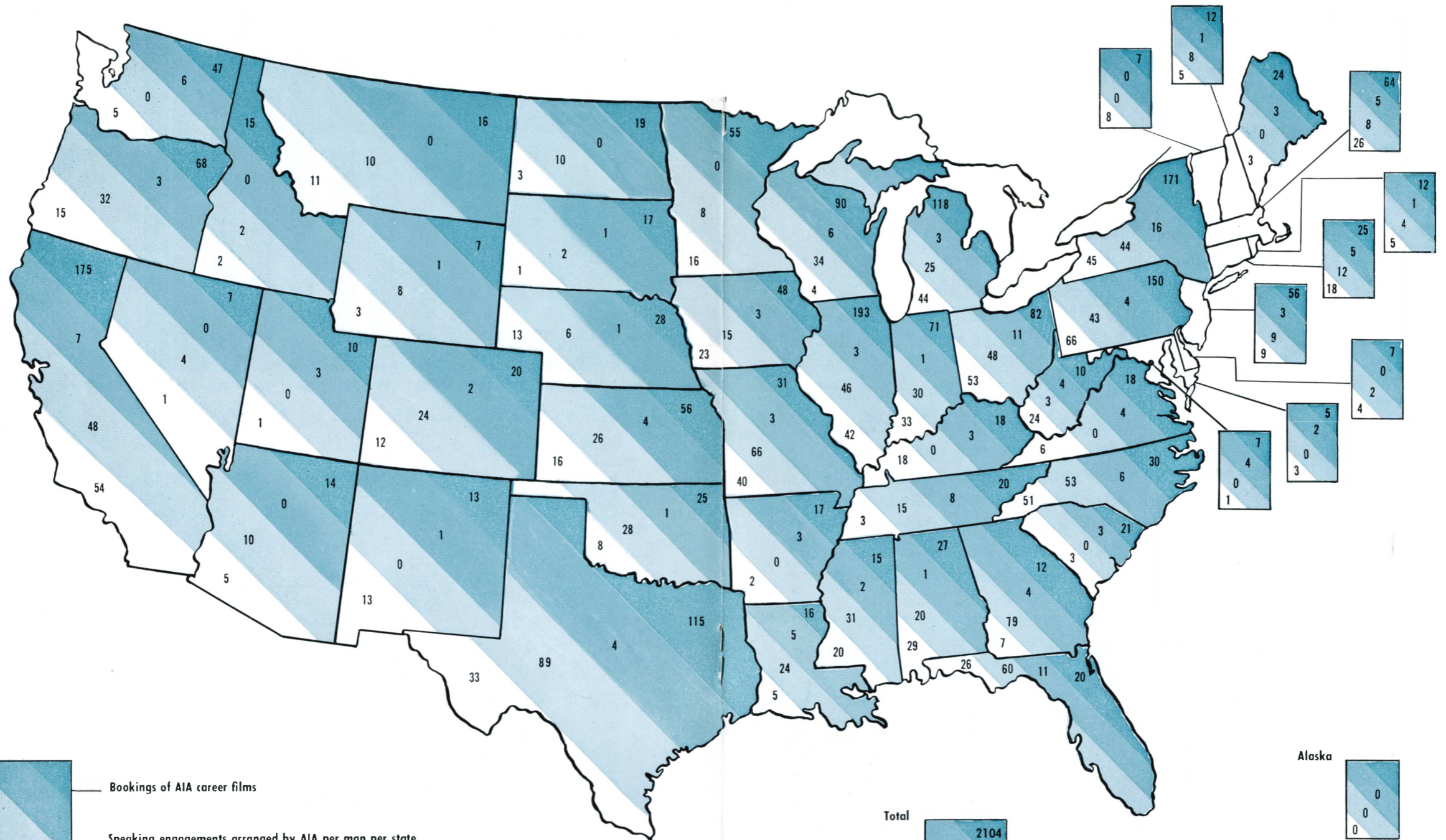






Journal of Accountancy

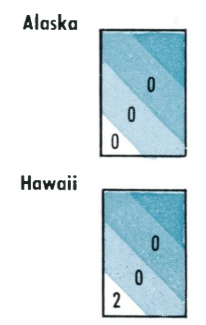
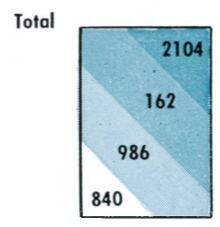
— Advertising Revenue — Fiscal Year — Aug. 31

* June 30, 1947

- - - Circulation — Calendar Year — Dec. 31



-  Bookings of AIA career films
-  Speaking engagements arranged by AIA per man per state
-  Radio & T.V. tax programs
-  Radio & T.V. AIA tax spots



Public Relations

Public relations activities for which the groundwork was laid in past years were carried out with more success this year than ever before.

- 1 Through the cooperation of the state societies and the Internal Revenue Service the Institute's tax information materials were used on 67.8% of the nation's television stations and 44.7% of the radio stations. Institute-prepared articles on taxes were used by 832 newspapers, employee publications and trade magazines, with a combined circulation of over nine million.
- 2 The new movie, "Accounting – the Language of Business," in addition to educating a large segment of American youth on the nature of the profession, reached a large adult audience through television and civic-club showings.
- 3 *Collier's*, the *Saturday Evening Post* and the *Ladies' Home Journal* published a two-page advertisement in the form of an article by John L. Carey on accounting as a career, sponsored by the New York Life Insurance Company. Circulation for the three spreads totals about 12 million. New York Life, the state societies and the Institute are distributing reprints widely.



- 4 Twenty-six trade magazines, with an audience of about 467,000, carried articles prepared by the Institute on the importance of sound accounting to specific businesses. Dealing with taxes, bank credit and record keeping, the articles were tailored for publications serving such fields as banking, hardware, grocery, apparel and architecture.
- 5 More than 2,595 reprints of an article, prepared with AIA assistance, which appeared in the April issue of *The Exchange*, New York Stock Exchange publication, were distributed by the state societies.
- 6 Over 4,200 press releases were distributed to newspapers and periodicals during the year. They reported speeches, *Journal* articles, the admission of new members, elections, awards, appointments, meetings, etc.
- 7 Radio and television were used more widely in covering the annual meeting and regional conferences.
- 8 Articles by members of the Institute were published in *Banking, Credit and Financial Management*, and *Dun's Review* during the year, and 1,225 reprints of "Bankers' Responsibilities for Adequate Audits," a February *Journal* editorial, were purchased by state societies for distribution to banks.



Washington Activities

The Institute has been concerned with 72 bills pending in Congress during the year. In addition to the tax revision bill, signed by the President on August 16, the most significant of these were the Reed-Carlson tax practice bill and the Jenkins-Keogh pension bill for the self-employed.

The Institute supported the bill passed by the Congress in August, which included CPAs and other self-employed practitioners in extended coverage under the Social Security Act.

There were many Washington activities outside of Congress. For example:

- The committee on bankruptcy and reorganization petitioned the U. S. Supreme Court to remove accountants from their present classification with auctioneers and appraisers under the General Orders in Bankruptcy and to treat the manner of their appointment and compensation separately.
- An amendment to regulation S-X of the Securities and Exchange Commission allows the date of granting stock options to be considered as a measure in determining compensation, as recommended in Accounting Research Bulletin No. 37 (revised).
- The Advisory Committee on Standard Industrial Classification has accepted the Institute's recommendation that accounting, auditing and bookkeeping services be grouped in a new category along with engineering, architecture and other consulting services.

Eighteen Institute committees again held a mid-year meeting in Washington on March 19 and 20. Undersecretary of the Treasury Marion B. Folsom spoke at a dinner



President Foye addresses the mid-year conference of committees in Washington.

held in connection with the meeting. Guests of the committeemen included 34 U. S. Senators and Representatives, officials of the Treasury, Defense and Interior Departments, the Securities and Exchange Commission, the Internal Revenue Service and the U. S. Tax Court.

The two-day meeting in Washington was an indication of the increased activity among committees, Council and the full membership.

This increase was first apparent near the beginning of the fiscal year when an attendance of 1,943 at the sixty-sixth annual meeting in Chicago set a new record. The fall Council meeting – nearly 83% of all members were present – was also the largest in history.

Committees were appointed early, and by November 15 each had been sent a background statement on its function and a list of specific objectives for the year.

More committees met than ever before. Of the 777 members serving on AIA committees, 594 of them travelled over 250,000 miles to attend 34 sessions. Most of them travelled at their own expense, although at its fall meeting the Council approved an appropriation of \$10,000 to cover, on request, transportation expenses of committee members.

The five regional meetings held during the year drew well over a thousand members from 32 states in the New England, Southern, Mountain, Pacific Northwest and Central States areas. Seven official representatives attended the centenary celebration of the Scottish Institute of Chartered Accountants in Edinburgh and 14 members were named delegates to the Third Inter-American Accounting Conference at Sao Paulo, Brazil.

Meetings and Committee Work

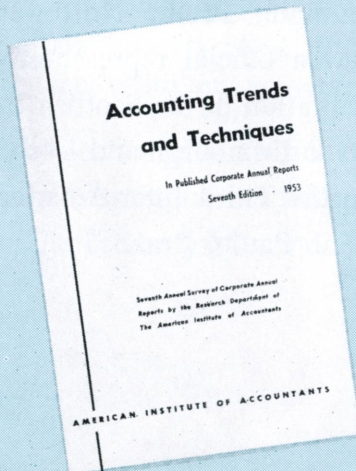
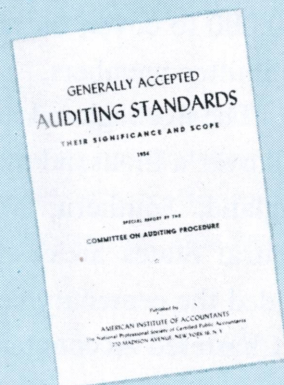
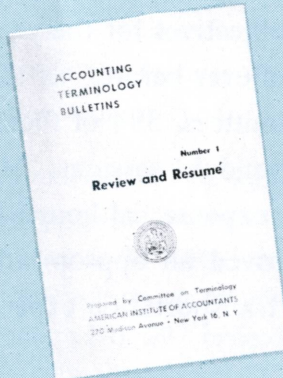
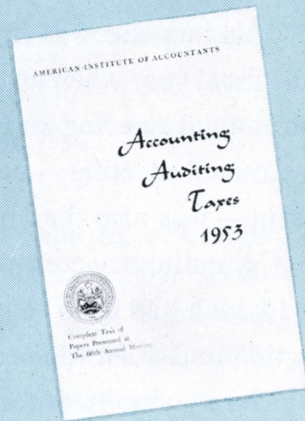
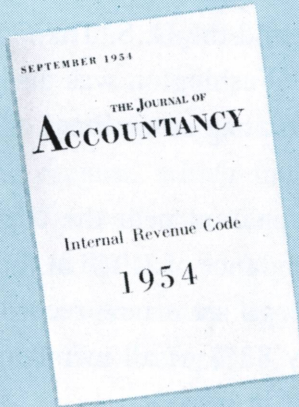
Mark E. Richardson (*left*) receives one of the AIA's distinguished service awards from Ralph B. Mayo.

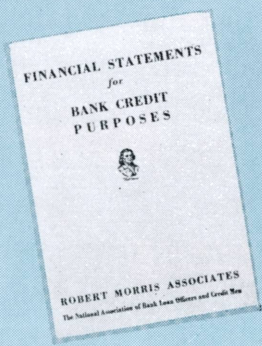
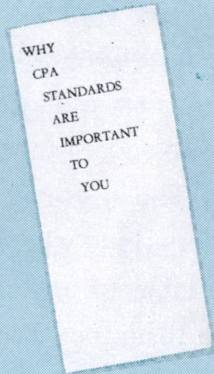
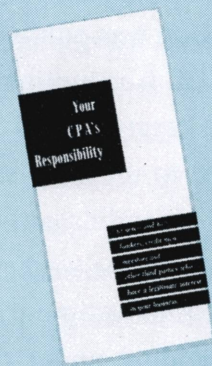
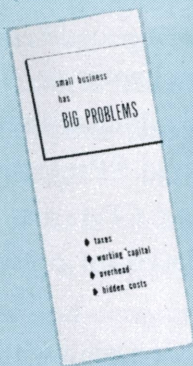
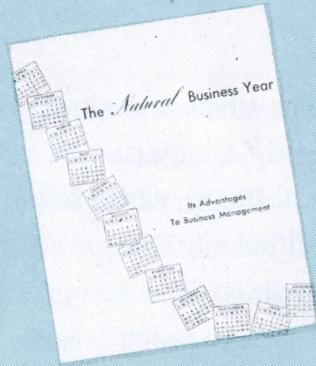
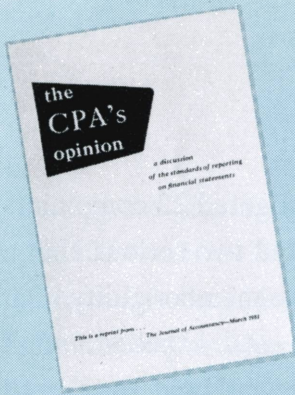


Board of Examiners Chairman Herman W. Bevis (*left*) congratulates Sells gold medal winner Irvin R. Ecke.

SOME INSTITUTE PUBLICATIONS

For Accountants





For the Public
*(issued or distributed
by the Institute and
cooperating organizations
last year)*

Ethics

The ethics committee investigated 22 complaints and answered 64 inquiries. It referred two serious charges to the Trial Board, which found one member guilty of an act discreditable to the profession and expelled him from membership. The second case was held over until the Board's next session.

Rulings of the ethics committee were published periodically in *The CPA* and are now being codified for publication as a separate volume. The chapter on ethics from the *CPA Handbook* was published, along with those on "The Profession of Accounting" and "Professional Organizations and Literature," as *The CPA and His Profession* and offered to the state societies for presentation to successful CPA candidates.

Insurance

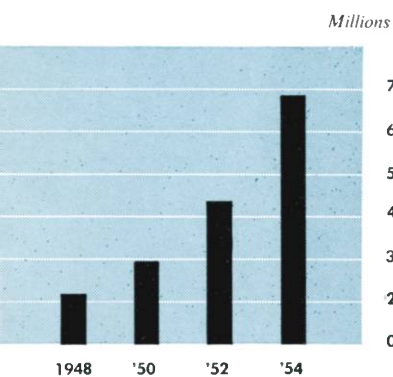
The insurance committee worked out a plan with the underwriters whereby the maximum amount of insurance available to any individual under the Institute's Group Life Insurance Trust is being increased from \$10,000 to \$20,000.

Refunds to participating firms this year totaled \$264,442 and brought the net monthly cost down to 82 cents per thousand dollars of insurance as compared to 91 cents last year.

The advisory committee of local practitioners urged each individual practitioner to take out another kind of insurance, in the form of a will or other written agreement for the disposition of his practice when he dies.

State Society Service

The Institute continued to work closely with the societies of certified public accountants in the 48 states, the District of Columbia, Hawaii, the Philippines, Puerto Rico and the Virgin Islands.

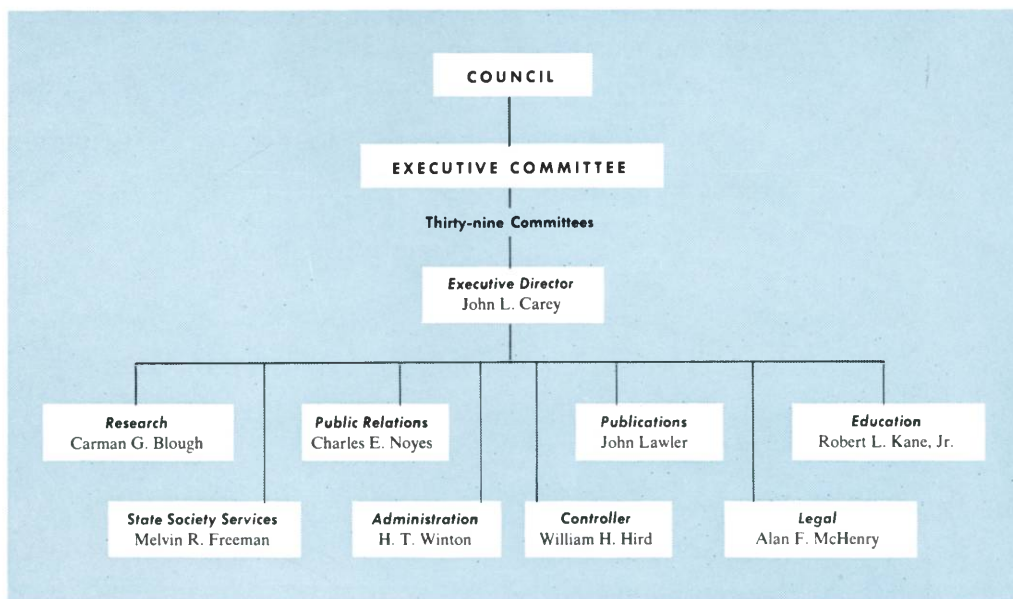


During the year these societies grew in membership from 26,403 to about 29,000. The number of their chapters increased from 115 to 136, and the number employing full-time or part-time staffs, from 20 to 26.

A coordinated program for the state and national professional societies was developed late last year. It outlined six priority areas: recruitment of personnel for the profession, cooperation with bankers, greater compliance with ethical standards, the legislative situation, the CPA's role in taxes and better service to small business.

Ways of implementing the program were discussed by all state society executive secretaries in October and later at a conference attended by the state society presidents and committeemen.

Two other meetings were held during the year to help assure an integrated program of work. In February the



full-time state society executives and Institute staff members met in New York. During the spring Council meeting, state society presidents, members of the AIA committee on coordination of activities of state and national organizations and the Institute department directors again discussed cooperative activities.

In addition the Institute's public relations committee sponsored a series of three meetings with state society public relations committeemen during the Southern, Mountain and Central States regional conferences.

Conclusion

How did all this work get done? This question must occur to every member who reviews the Institute's activities for the past year.

It could not have been done at all without the great sacrifices of time, energy and money made by committee members, members of the Council and officers. Nor could such a great volume and variety of work have been accomplished without the aid of the full-time staff of 113 men and women.

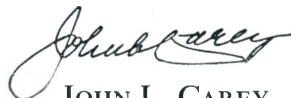
Your dues make the work possible. Your support and advice increase its value. Your active participation is encouraged.

Respectfully submitted,



ARTHUR B. FOYE

President



JOHN L. CAREY

Executive Director

WILLIAM B. FRANKE
RAYMOND J. HANNON
HOWARD A. WITHEY
WILLIAM J. FABREY
WILLARD R. SCHILLER

FRANKE, HANNON & WITHEY
CERTIFIED PUBLIC ACCOUNTANTS
444 MADISON AVENUE
NEW YORK 22, N. Y.

MEMBERS
AMERICAN INSTITUTE
OF ACCOUNTANTS

To the members of the
American Institute of Accountants:

We have examined the balance sheets at August 31, 1954 of the American Institute of Accountants, the American Institute of Accountants Foundation and the American Institute Benevolent Fund, Inc., and their related statements of income and expense and fund transactions for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets and statements of income and expense and fund transactions of the aforementioned organizations present fairly their financial positions at August 31, 1954, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
September 22, 1954

Franke, Hannon & Withey

COMPARATIVE BALANCE SHEET — August 31, 1954 and 1953
GENERAL FUND

ASSETS		LIABILITIES AND FUNDS			
	<u>1954</u>	<u>1953</u>		<u>1954</u>	<u>1953</u>
Cash	\$282,263	\$ 64,154	Liabilities:		
Marketable securities, at cost (quoted market 1954 \$269,- 616; 1953 \$283,676)	272,152	294,646	Accounts payable and ac- crued expenses	\$ 45,277	\$ 57,926
Accounts receivable	69,488	71,570	Due Elijah Watt Sells Scholarship fund	32	94
Inventories, at cost	30,659	24,863		<u>\$ 45,309</u>	<u>\$ 58,020</u>
Prepaid expenses	6,476	3,185	Dues collected in advance ..	316,570	45,098
Furniture and equipment, at nominal value	1	2	Subscriptions and advertising unearned	176,603	173,986
			Income retained for working capital	122,557	181,316
	<u>\$661,039</u>	<u>\$458,420</u>		<u>\$661,039</u>	<u>\$458,420</u>

CONTINGENCY FUND

Cash	\$ 15,671	\$ 18,342	Balance of fund	\$350,000	\$250,000
Marketable securities, at cost (quoted market 1954 \$383,- 115; 1953 \$226,395)	334,329	231,658		<u>\$350,000</u>	<u>\$250,000</u>
	<u>\$350,000</u>	<u>\$250,000</u>		<u>\$350,000</u>	<u>\$250,000</u>

ENDOWMENT FUND

Cash	\$ 19,218	\$ 1,716	Principal	\$236,054	\$235,551
Marketable securities, at cost (quoted market 1954 \$328,- 422; 1953 \$285,439)	216,835	233,834		<u>\$236,054</u>	<u>\$235,551</u>
Library books, furniture and equipment at nominal value	1	1		<u>\$236,054</u>	<u>\$235,551</u>
	<u>\$236,054</u>	<u>\$235,551</u>		<u>\$236,054</u>	<u>\$235,551</u>

ELIJAH WATT SELLS SCHOLARSHIP FUND

Marketable securities, at cost (quoted market 1954 \$1,654; 1953 \$1,423)	\$ 1,532	\$ 1,532	Principal	\$ 1,564	\$ 1,626
Due from general fund	32	94		<u>\$ 1,564</u>	<u>\$ 1,626</u>
	<u>\$ 1,564</u>	<u>\$ 1,626</u>		<u>\$ 1,564</u>	<u>\$ 1,626</u>

STATEMENT OF CHANGES IN FUND BALANCES

Year Ended August 31, 1954

	Income Retained for Working Capital	Contingency	Endowment
Balance, beginning of year	\$181,316	\$250,000	\$235,551
<i>Add or (deduct):</i>			
Excess of income over expense	41,241	—	—
Gain on sale of securities	—	—	503
Transfer between funds	(100,000)	100,000	—
Balance, end of year	<u>\$122,557</u>	<u>\$350,000</u>	<u>\$236,054</u>

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Years Ended August 31, 1954 and 1953

I N C O M E

	<u>1954</u>	<u>1953</u>
Dues, application and reinstatement fees.....	\$ 643,155	\$ 579,166
Fees from state boards of accountancy.....	174,143	156,891
Sale of publications other than The Journal of Accountancy, less production costs	137,052	160,201
The Journal of Accountancy:		
Subscriptions earned from non-members, sale of single copies, etc., less pro-		
duction costs	207,041	182,017
Advertising	148,826	159,127
Income from investments, including similar income from American Institute of		
Accountants Foundation for library expense.....	42,722	30,467
Sundry income	8,633	3,383
TOTAL INCOME.....	<u>\$1,361,572</u>	<u>\$1,271,252</u>

E X P E N S E

Salaries, technical fees and social security taxes.....	\$ 574,080	\$ 529,718
Pensions	23,378	24,535
Legal and auditing.....	7,433	21,258
Stationery, printing, postage, telephone, supplies and other expense.....	76,583	71,061
Equipment and equipment maintenance.....	14,987	17,008
Rent, electricity, insurance, etc.....	80,456	73,520
Publications sent to members, including The Journal of Accountancy and The CPA		
Expense of uniform CPA examinations, including fees for preparation and grad-		
ing, but excluding departmental salaries and overhead.....	143,103	118,988
Expense of annual, council and executive committee meetings.....	24,809	30,370
Travel.....	14,521	13,770
Technical and other committee expense.....	18,133	10,933
Expenses of public relations department not included elsewhere.....	23,268	28,145
Expenses of state society and membership services department not included else-		
where, and expense of state society staff meetings.....	9,537	5,733
Library books and magazines.....	6,585	6,098
Advertising and promotion (publications and The Journal of Accountancy).....	73,820	76,651
Special projects:		
Development of accounting personnel.....	63,083	9,967
Commission on CPA standards.....	10,000	10,000
Expenses in connection with tax practice.....	24,697	—
Information booklet for CPA candidates.....	1,161	—
TOTAL EXPENSE.....	<u>\$1,320,331</u>	<u>\$1,138,401</u>
EXCESS OF INCOME OVER EXPENSE.....	<u>\$ 41,241</u>	<u>\$ 132,851</u>

UNIFORM CPA EXAMINATIONS — INCOME AND EXPENSE

Year Ended August 31, 1954

Fees from state boards of accountancy.....		\$174,143
Expenses:		
Fees for preparation and grading papers.....	\$124,800	
Supplies, mailing, shipping and printing.....	17,438	
Telephone and telegraph.....	545	
Insurance on examination papers.....	320	\$143,103
Salaries and social security taxes.....	37,544	
Rent	10,000	
Equipment and equipment maintenance.....	1,083	
Expenses of meetings and sundry.....	1,104	192,834
EXCESS OF EXPENSES OVER INCOME.....		<u>\$ 18,691</u>

AMERICAN INSTITUTE
OF ACCOUNTANTS
FOUNDATION

COMPARATIVE BALANCE SHEET

August 31, 1954 and 1953

ASSETS

	<u>1954</u>	<u>1953</u>
Cash	\$ 1,795	\$ 4,810
Marketable securities, at cost (quoted market 1954 \$86,578; 1953 \$72,033)	75,326	72,694
	<u>\$ 77,121</u>	<u>\$ 77,504</u>

LIABILITIES AND FUNDS

Accounts payable	—	\$ 1,293
Unexpended balance of research project fund, transferred during year to American Institute of Accountants. Project continued as part of development of accounting personnel	—	130
Principal	<u>\$ 77,121</u>	<u>76,081</u>
	<u>\$ 77,121</u>	<u>\$ 77,504</u>

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE
AND CHANGES IN PRINCIPAL**

Income from securities less custodian fees — contributed to American Institute of Accountants for library expense	<u>\$ 3,404</u>	<u>\$ 3,365</u>
Principal, beginning of year	\$ 76,081	\$ 75,852
Contributions received	1,040	145
Gain on sale of securities	—	84
Principal, end of year	<u>\$ 77,121</u>	<u>\$ 76,081</u>

COMPARATIVE BALANCE SHEET

August 31, 1954 and 1953

	<u>1954</u>	<u>1953</u>
Assets:		
Cash	\$ 10,801	\$ 4,438
Marketable securities, at cost (quoted market 1954 \$135,282; 1953 \$105,857)	<u>124,722</u>	<u>112,722</u>
Balance of fund.....	<u>\$135,523</u>	<u>\$117,160</u>

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE
AND CHANGES IN FUND BALANCE**

Contributions	\$ 21,205	\$ 15,167
Income from investments	<u>4,478</u>	<u>3,575</u>
TOTAL INCOME.....	\$ 25,683	\$ 18,742
Expense:		
Assistance to members.....	\$ 6,945	\$ 5,495
Stationery, printing and other expense.....	<u>433</u>	<u>478</u>
TOTAL EXPENSE.....	\$ 7,378	\$ 5,973
Excess of income over expense.....	\$ 18,305	\$ 12,769
Gain or (loss) on sale of securities	58	(71)
Balance of fund, beginning of year.....	<u>117,160</u>	<u>104,462</u>
Balance of fund, end of year.....	<u>\$135,523</u>	<u>\$117,160</u>