

1958

AICPA Annual report 1958; Urgency of continuing education

American Institute of Certified Public Accountants

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ANNUAL REPORT 1958

The
urgency
of
continuing
education



ANNUAL REPORT - 1958

The urgency of continuing education

A MESSAGE FROM THE PRESIDENT

THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
270 Madison Avenue, New York 17, N. Y.

OFFICERS AND EXECUTIVE COMMITTEE—1958

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IRA N. FRISBEE

J. S. SEIDMAN

JOHN H. ZEBLEY, JR.

**Deceased February 23, 1958*

AT ITS SPRING MEETING this year, the Council of the Institute appropriated \$50,000 to start an ambitious program of training for staff accountants in smaller firms, and professional courses for practicing certified public accountants generally. New materials for continuing education will be developed; teachers will be recruited and trained; state CPA societies will be assisted in sponsoring the courses.

The program will be self-supporting. A separate division of the Institute is envisaged.

This seems an appropriate moment to examine the gap which the program is expected to fill, and why we are confident of its success.

The growth of accounting subject matter

It is characteristic of any profession that its body of knowledge grows with the accumulation of experience, the solution of old problems, and the rise of new ones created by social and economic developments. Consequently, the responsibility of professional people to learn throughout their careers never ceases. The certified public accountant is no exception.

The changing character of modern American business has broadened the subject matter which must be mastered by practicing CPAs today. It has been pointed out that the growing complexity of the management problem in industry and in government has multiplied the importance of the accounting function. Competition demands higher efficiency and in turn more advanced accounting. As the country be-

comes more industrialized, a greater volume of accounting data is needed to supply the link between ownership and management, support a vast credit structure, permit rational government regulation of business, and provide the statistics on which government predicates taxes and on which management and labor depend for collective bargaining.¹

It is no exaggeration to say that progress in accounting has played an important part in our era's breakthrough toward a more abundant life. It can continue as a part of this process only as it penetrates its own frontiers of knowledge and as individual CPAs keep abreast of new techniques discovered to solve their clients' problems. Increasing demands for professional work by CPAs in such new fields as management services, estate planning, and audits of specialized industries — such as banks, insurance companies, welfare and pension funds, stock brokers, municipalities and other specialties — suggest that unless facilities are provided for instruction in these areas, great opportunities may be missed.

Many practicing certified public accountants have had inadequate training in some phases of practice. It is difficult for many of them to provide an adequate training program for their beginning juniors. High starting salaries make it desirable that juniors become productive as soon as possible. A sound training program is an important inducement in recruiting good men. For all these reasons, staff training is of particular importance to local accounting firms.

At the present time local firms are at a great disadvantage in this regard. It is natural and proper that they should look to the Institute and their state societies to help them achieve on a cooperative basis the kind of staff training and continuing education courses which national firms have shown to be economically sound.

The responsibility is the profession's

The educational needs of the accounting profession have been growing until they demand solutions now. At the same time, the colleges

¹Herman W. Bevis, "The Accounting Function in Economic Progress," *Journal of Accountancy*, August, 1958.

and universities are facing such severe pressures on their resources that they can scarcely be expected to expand their programs materially. Without a good deal more help than they are getting, they are finding it impossible to meet the special needs of all professions, including accounting.

There is a more fundamental reason why it is unrealistic to expect the universities to solve the problem for us. Along with all of the professions, accounting is asking them to provide us with well educated generalists who have some knowledge of their purpose in life, a maturity in their relationship to society, and a capacity to live and work effectively with clients and associates. To accomplish this in four years of undergraduate study and still lay the minimum groundwork for a career in accounting is challenge enough to the educators.

Dr. Earl J. McGrath, former U. S. Commissioner of Education, at the annual meeting last fall, told us that "practicing accountants rather than teachers of the subject must assume the major responsibility in providing continuing education for those who have taken a degree." Based on his current studies of the educational needs of all the professions and what they are doing to meet them, he said that "accounting is far behind the others." Studies by the Institute staff show that the legal profession, medicine, engineering, insurance, banking, credit men and the American Management Association have established elaborate programs of education for members of their groups. They offer a wide variety of choices to their members for instruction by correspondence, seminars, lectures, organized programs on university campuses — all ranging from a day or two to several weeks in length. Almost all of these activities are self-supporting through fees which recover all costs.

The nature of the subject matter also dictates that the practicing profession, rather than educational institutions, be charged with its instruction. Usually new techniques and the application of old techniques to new areas can be imparted best by men with practical experience. The function of the universities in preparing a man for a career in modern business or in one of the professions should be quite different. The British philosopher Alfred North Whitehead has aptly described it as "promoting the imaginative consideration of the various general principles underlying that career."

Blueprint for a program

With its appropriation of \$50,000, Council has authorized the development and testing of a continuing education project far beyond anything heretofore conceived by the Institute. The Council understands that it may be asked to appropriate an additional amount, perhaps as much as \$100,000, to launch the project on a wide scale. The executive committee has suggested that “working capital” may in part be underwritten by interested members.

It is our goal to put the project on a self-supporting basis and to recover initial advances of capital as soon as possible. The program will be managed on a business basis, with fees charged to those who participate in order to provide for materials and for adequate compensation for those who develop and give the courses. A wide variety of opportunities will be offered to suit the varying needs and pocketbooks of all kinds of practitioners — individuals, small firms, medium-sized and large firms — juniors, senior staff men and partners.

The Council will elect a Board of Managers to manage this project.

A Director of the project, selected by and responsible to the Board of Managers, will have authority and freedom of action commensurate with responsibility to insure its success, within the limitations of a budget approved by the Board of Managers. He will be assisted by an Advisory Board on Continuing Education, appointed from among members of the profession, which will offer recommendations and assistance on various aspects of the project.

This central organization is expected to provide assistance and guidance to state societies and chapters which wish to sponsor courses. It is intended to develop course material for students, lecture outlines for instructors, manuals for organizing and conducting courses, and lists of supplemental reading. It will also probably train teachers for the courses, recruited from both practice and the universities, and paid for the teaching they do.

The profession is ready

Clearly a program of this kind is needed and it is up to the accounting profession to provide it.

There is also tangible evidence that the accounting profession wants such a program. A letter sent by the Executive Director to more than five hundred small and medium-size firms in February produced an enthusiastic endorsement of the proposal. A very large percentage indicated not only interest, but willingness to contribute money to help start the program.

This test went far to convince the executive committee and the Council that CPAs — inexperienced, somewhat experienced, and established — are ready to make an expanded continuing education program succeed. We predict that in the future this decision of Council will be regarded as historic. The long-term result should be more effective and more varied services rendered by the profession to American society.

ALVIN R. JENNINGS
President

Institute activities

THE INCREASING COMPLEXITY of the accounting profession's services, and the corresponding expansion of Institute activities, have been noted in annual reports for many years. This year the trend is especially pronounced.

Technical problems

To deal more effectively with the bigger job of technical research and development of generally accepted accounting principles, President Jennings proposed at the 1957 annual meeting the creation of a research staff of experts with academic and industrial backgrounds as well as accountants with experience in public practice. A special committee studying this and other proposals reached agreement that:

1. The general purpose of the Institute in the field of financial accounting should be to advance the written expression of what constitutes generally accepted accounting principles, for the guidance of its members and of others.
2. The broad problem of financial accounting should be visualized as requiring attention at four levels: postulates, principles, rules or guides for the application of principles in specific situations, and research.
3. A special research division of the Institute is needed to provide this attention.

4. The closest cooperation of others concerned with the results of this work should be enlisted.

While some trend in these directions has long been evident, present activities are far short of the goals envisioned by the committee. However, significant progress was made during the past year.

Present
staff
participation

A technical services department has been created, which is now providing staff assistance to twenty committees. The reorganization freed Carman G. Blough, who has been research director since 1944, from administrative responsibilities so that he may now devote more time to writing, study, and maintaining relationships with government agencies and other organizations. His latest book, *Practical Applications of Accounting Standards*, went through a first printing and into a second during the year.

An opinion
survey in a
controversial
area

A survey on price-level adjustment of depreciation represented a new effort to ascertain public opinion in an uncertain and controversial area. Like an earlier study ten years ago, this one was designed primarily to find out whether there is widespread sentiment in favor of changing the traditional cost basis for calculating depreciation. Although the results of the 1948 and 1957 surveys are not directly comparable, it would appear that there has been some shift of opinion among executives toward giving recognition to price changes. However, important differences in viewpoint remain on both whether and how changes should be made. *The Journal of Accountancy* commented: "Corporate managements could bring the debate down to earth by issuing supplementary statements which would show in dollars and cents what is involved."

Accounting
publications

The means employed to obtain general acceptance of pronouncements in accounting matters remain similar to those employed in the past. The Institute issued two major ac-

counting bulletins and an auditing statement during the year. Among the technical publications was *Accounting Research Bulletin Number 49: Earnings Per Share*, which was issued by the committee on accounting procedure in April.

Other non-periodical accounting publications issued during the year were:

Accounting Research Bulletin Number 44: Declining-balance Depreciation (revised)

Auditing Case Studies on (1) a medium-sized “small loan” company, and (2) an electronic equipment manufacturer

Working with the Revenue Code — 1958, by James J. Mahon, Jr.

Glossary and Bibliography on Statistical Sampling
Statement on Auditing Procedure Number 28: Special Reports

Accounting Trends and Techniques — 1957

Management Services by CPAs, by the Committee on Management Services

Statement on Accounting Procedure Number 29: Internal Control

New Ideas in Accounting (a selection from *The Journal of Accountancy*)

The committee on accounting procedure is currently studying problems related to consolidated financial statements; deferred credits; research, exploratory and development costs; upward re-statement of assets; and income tax allocation — possible revision and clarification of Chapter 10 (b) of *Accounting Research Bulletin Number 43*. Other technical committees are examining auditing for banks, securities brokers and dealers, insurance companies, public housing, savings and loan associations, pension and welfare funds and other special situations.

An accounting
point of view

Examples of the different types of committee efforts to make the accounting point of view better known are: (1) letters to the New York Stock Exchange and to the Securities and

Exchange Commission giving these groups the view of a committee on confirmation of monthly investment plan accounts of stock brokers; (2) report on CPA-banker activity at the state and chapter level, distributed as a guide to state societies and chapters in arranging their programs; and (3) a proposal to the Department of Defense on cost principles.

It is noteworthy that *The Journal of Accountancy* is increasingly effective in conveying the accounting point of view beyond the membership of the Institute. Despite the economic recession, circulation rose to more than 86,000 during the past year. While there are some 10,000 more member subscribers than five years ago, there are about 16,000 more non-member subscribers.

The profession's interests in the nation's capital

A significant part of the Institute's effort to make known the profession's point of view was this year related to events in Washington. Committee men and other members rendered frequent and important public services in illuminating matters affecting accounting for legislators and officials of government agencies.

A policy for federal legislation

As more and more federal legislation provides for independent audits, or otherwise affects the profession, the Executive Committee clarified Institute legislative policy to this effect:

1. That the Institute should volunteer information and advice to all parties concerned with such legislation.
2. That the public interest is served by the federal government's encouragement of independent audits by competent and responsible professional accountants of (a) private institutions or public agencies independent of the federal government which are utilizing federal funds, and (b) of private institutions which are obliged to submit financial reports for federal regulatory purposes.

3. That such legislation should provide for (a) standards of auditing procedure and (b) standards of the auditors' competence and behavior. The Committee noted that these objectives might be achieved by providing for (a) minimum audits "in accordance with generally accepted auditing standards," supplemented by regulations considered necessary by the agency concerned, and (b) conduct of such audits by certified public accountants, since the interests of the public and the government can be safeguarded only if such audits are conducted by persons who have demonstrated professional competence through passage of the uniform CPA examination.

**Pension and
Welfare Bill**

The importance that this kind of legislation may have for both the profession and the public is demonstrated by the scope of the Pension and Welfare Bill which was passed during the recent session of Congress. Under this Bill, some 40,000 pension and welfare plans with about \$35 billions in assets must file annual reports with the Secretary of Labor. The reports would have to be sworn to by administrators, or "certified to by an independent certified or licensed public accountant, based upon a comprehensive audit conducted in accordance with accepted standards of auditing." False or misleading statements in the reports would leave the managers open to Federal prosecution for perjury. The Institute continued to make its position on this legislation clear to Congress (see *Annual Report* — 1957).

**Accrued
Expenditures
Bill**

With the passage of the Accrued Expenditures Bill, the federal government is now able to adopt the improved accounting procedures that had been recommended by a number of distinguished CPAs for several years. The bill was an outgrowth of work by a "task force" of the Hoover Commission headed by former Institute President J. Harold Stewart.

**Jenkins-
Keogh**

The ten-year struggle to achieve a measure of tax justice for the self-employed through enactment of the Jenkins-Keogh legislation made considerable progress during the past session

of Congress. The bill was overwhelmingly passed by the House. In the Senate the bill died in the Finance Committee, after being prevented from reaching the floor by close vote on a point of order. However, thousands of CPAs and other self-employed persons had demonstrated to congressmen and senators by calls, wires, and letters that this legislation has wide popular appeal. Its chance for passage during the next session was improved.

**Administrative
Practice Bills**

The Institute continued throughout the year to watch closely the Administrative Practice Bills. If passed as written, these could have severely restricted the right of non-lawyer experts to represent clients before administrative agencies. However, the key House Judiciary Sub-committee did not hold hearings, and the administrative agencies generally opposed this legislation. Discussions with American Bar Association representatives have been held in an effort to reach agreement on a bill acceptable to both groups.

**Tax legisla-
tion and
regulations**

The Institute's federal tax committee continued what has become its annual service of providing expert advice on legislation and regulations for the benefit of Congress and the Treasury. In February, the committee submitted 251 recommendations for amendments to the Internal Revenue Code to the House Ways and Means Committee.

It testified on the Technical Amendments Act of 1958 before the Senate Finance Committee, commenting on effective dates of proposed changes, amortization of leasehold improvements, and adjustments required by change in accounting methods. Further comments on this bill were offered to the staff of the Joint Committee on Internal Revenue Taxation.

The tax committee continued to review regulations of the IRS, including those concerned with reporting and substan-

tiation of employees' expenses ("Line 6(a)"), inventories, and the installment method of accounting.

Tax practice During the past year the Treasury Department invited the Institute's views as to how more taxpayers might receive help in explaining or defending their returns. It was pointed out that procedures which were suitable in 1941, when 8 million returns were filed, cannot handle adequately the 60 million returns of today. It was suggested that persons who prepare returns, not necessarily certified public accountants or lawyers, might be permitted to represent taxpayers who find it difficult or impossible to break away from jobs to confer with IRS agents. While certified public accountants, lawyers, and some former IRS agents are now enrolled to practice before the Treasury Department without examination, only 8 persons from 1950 to 1956 have passed the examination now in use, which contains sections of the Uniform CPA Examination.

In conference with the Commissioner of Internal Revenue, officials of the Treasury, and other interested parties, Institute representatives said there should be no objection to representation of individual taxpayers at "office audits", at the agent level, by unenrolled persons who had prepared the returns and were authorized by taxpayers to represent them. Also, the Institute agreed that the examination should be modified to reflect the reasonable requirements for representing business-income taxpayers.

As this report goes to press, the Treasury Department has the matter under consideration.

Wage and hour In April, the Wage and Hour Division proposed to increase salary delimitation governing exemption of professional employees from \$75 to \$95 a week. The Institute filed a petition urging that certified public accountants be exempted by virtue of their professional status, as lawyers and doctors are.

State regulatory legislation

Mark Eaton once wrote: "... the accountant is what his science is. If his science is great, then he is great, or is destined to become great. We may reason further that if his science is, as an historical matter, only recently discovered and only partly developed, then the accountant is an individual who might be said to be 'midflight.'" The profession lost this great accountant through death in February, only a few months after he had completed his term as President of the Institute.

Because accountants are "midflight" in their historical development, as he said, legislators and other government officials do not always understand clearly the functions of the CPA. Ignorance of the professional qualifications implicit in the CPA certificate is often encountered in state capitals.

Defeat in New York State

This lack of understanding could be noted during the past year in the New York State governor's veto of regulatory legislation similar to the Institute's "form bill", after the measure had passed the Legislature. *The CPA News-Bulletin of the New York State Society of Certified Public Accountants* noted that the legislation would have placed all public accountants "under the same ethical discipline and eventually established one class—the certified public accountant—the same as we have today in law and medicine ... This was to have been a noteworthy evolutionary step."

Decision in Colorado court

Misunderstanding was also manifested and prolonged by the decision of the Denver District Court that a person not licensed under Colorado's regulatory accountancy law may still use the title "public accountant", while the titles "registered accountant" and "certified public accountant" remain reserved to licensees. The case is on appeal.

Rhode Island action

On the other hand, confusion was avoided in Rhode Island where the governor vetoed a bill that would have provided

for the continuing registration of public accountants by examination. The Rhode Island Society's Board of Directors recommended the veto, and the Executive Director of the Institute wired a message pointing out that the bill was not in the public interest.

Similar legislation has been defeated during the past year in Louisiana and Mississippi.

Expansion of continuing activities

The Institute's continuing activities, which have been comprehensively covered in previous annual reports, tended during the past year to expand along with the size of the Institute itself. As of August 31, 1958, the membership totaled 32,489, 1,921 more than a year before. The president appointed 66 committees, five more than in 1957. The staff remained virtually unchanged at 118, but additions have been authorized.

Public relations

The Institute's public relations program employed various communications media to explain the services of CPAs and bring them greater recognition, with emphasis on the tax information program and the personnel recruiting program. At its spring meeting, Council authorized the public relations department to produce a new documentary film to show young people the opportunities in professional accounting.

CPA examination

The CPA examination involved a larger operation than before. A total of 22,437 candidates sat for part or all of the examination in November and May. However, the number of those who annually receive the CPA certificate following examination has remained at about 3,000 for four years.

Last December, the Institute and the accounting profession lost, through the death of Robert L. Kane, the man who for nine years had been a leader in maintaining the examination as a bulwark of professional standards. While he served as

the Institute's Education Director, confidence in the examination and in his administration of it was such that it became uniform in all states and territories of the United States, and the grading service he supervised came to be used in all states but two.

**Economics of
accounting
practice**

Since last year, members have been given additional aids to help them improve the economic effectiveness of their practice. The special research project with this objective which began in 1957 was well supported by subscribers and has now published five bulletins: *Incomes of Practicing Certified Public Accountants*, *Small Business Looks at the CPA*, *The Difficult Art of Setting Fees*, *Getting and Keeping Good Staff Accountants*, and *Controls for the Effective Use of Time*. Through opinion sampling, questionnaires, and interviews, this project has provided a fund of reliable information in an area which has had little previous attention.

**Insurance
for more
CPAs**

The American Institute Insurance Trust has been able to expand its operation so that both sole practitioners and partners with or without employees may take advantage of a group life insurance plan.

Adapting to changed conditions

The ability of the profession to meet new problems of clients and respond to changing business situations is essential to growth and even survival. Accounting demonstrated such adaptability during the past year.

**For whom
is the
Institute?**

The committee on long-range objectives has continued to work on basic matters of policy which will determine the Institute's character in years to come. At its spring meeting, Council approved its recommended statement that the Institute should "serve as the national organization of certified public accountants in and out of public practice." A new committee is expected to develop activities to meet the needs of members in industry, government and teaching.

Management
services

The profession showed an awareness that advisory services to management, viewed as a specialized field, represents both a broad area of demand for CPAs' services and possibly some danger to the profession's standards of competence in traditional accounting areas. Council appropriated \$50,000 for the employment of a research assistant and the publication of initial studies in management services.

New rules of
professional
conduct

During the year three new rules of professional conduct and one amendment were overwhelmingly adopted in a mail vote by the membership. Rules 17 and 18, and an amendment to Rule 15, were adopted as recommended by the committee on professional ethics, and as printed in last year's annual report. Rule 19, which in effect makes Auditing Statement Number 23 part of the *Rules of Professional Conduct*, reads as follows:

"A member shall not permit his name to be associated with statements purporting to show financial position or results of operations in such a manner as to imply that he is acting as an independent public accountant unless he shall: (1) express an unqualified opinion, or (2) express a qualified opinion, or (3) disclaim an opinion on the statements taken as a whole and indicate clearly his reasons therefor, or (4) when unaudited financial statements are presented on his stationery without his comments, disclose prominently on each page of the financial statements that they were not audited."

The comment of the committee on professional ethics in its report to Council on the adoption of Rule 19 clearly reflects the profession's needs in a rapidly changing business environment: "Looking toward the future it is obvious that the committee on professional ethics has a definite responsibility in connection with one weakness in our professional practice that is so frequently evident—that of substandard reporting. The size and complexity of the problem should be a stimulant rather than a brake on effective action. The incorporation of the provisions of Statement 23 into the rules of conduct is an excellent beginning."

FRANKE, HANNON & WITHEY
CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK, N. Y.
TROY, N. Y.
KINGSTON, N. Y.
HUDSON, N. Y.
LONDON, ENGLAND

MEMBERS
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

To the Members of the American Institute
of Certified Public Accountants:

We have examined the statements of assets, liabilities and fund balances at August 31, 1958 of the American Institute of Certified Public Accountants, the American Institute of Certified Public 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 statements of assets, liabilities and fund balances and of income and expense and fund transactions of the aforementioned organizations present fairly their financial positions at August 31, 1958, 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.

A large, stylized handwritten signature in dark ink, which appears to read "Franke, Hannon & Withey". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

New York, N.Y.
September 22, 1958

American Institute of Certified Public Accountants

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES

August 31, 1958 and 1957

GENERAL FUND

	1958	1957
Assets:		
Cash	\$ 412,784	\$ 277,882
Marketable securities, at cost (quoted market 1958 \$831,964; 1957 \$1,007,919) ..	816,974	1,013,483
Receivables	74,359	95,562
Inventories, at cost	35,804	61,233
Prepaid expenses	10,407	14,088
Due from Elijah Watt Sells Scholarship Fund.....	452	137
Furniture and equipment, at nominal value.....	1	1
Total assets	<u>\$1,350,781</u>	<u>\$1,462,366</u>
Liabilities:		
Payables	\$ 59,396	\$ 89,640
Dues collected in advance.....	290,832	468,093
Subscriptions and advertising unearned.....	242,932	236,846
Total liabilities	<u>\$ 593,160</u>	<u>\$ 794,579</u>
General Fund Balance:		
Reserved for 1962 International Congress of Accountants.....	\$ 15,000	\$ —
Reserved for contingencies	400,000	400,000
Income retained for working capital.....	342,621	267,787
Total general fund balance.....	<u>\$ 757,621</u>	<u>\$ 667,787</u>

ENDOWMENT FUND

Assets:		
Cash	\$ 736	\$ 299
Marketable securities, at cost (quoted market 1958 \$468,853; 1957 \$474,416) ..	260,739	247,560
Library books, furniture and equipment, at nominal value.....	1	1
Fund balance	<u>\$ 261,476</u>	<u>\$ 247,860</u>

ELIJAH WATT SELLS SCHOLARSHIP FUND

Marketable securities, at cost (quoted market 1958 \$4,637; 1957 \$4,500).....	\$ 4,771	\$ 4,771
Less amount due general fund.....	452	137
Fund balance	<u>\$ 4,319</u>	<u>\$ 4,634</u>

American Institute of Certified Public Accountants

STATEMENTS OF INCOME AND EXPENSE

Years Ended August 31, 1958 and 1957

INCOME

	1958	1957
Dues, application and reinstatement fees	\$ 904,167	\$ 837,766
Fees from state boards of accountancy	226,487	202,668
The Journal of Accountancy:		
Subscriptions earned from non-members and similar income, less		
production costs	231,900	231,457
Advertising	196,355	223,818
Sales of miscellaneous publications, less production costs	234,914	195,927
Income from investments, including similar income from American Institute of		
Certified Public Accountants Foundation for library expense	68,822	48,437
Sundry income	4,287	9,274
TOTAL INCOME	<u>\$1,866,932</u>	<u>\$1,749,347</u>

EXPENSE

General activities, meetings and administration	\$ 265,747	\$ 254,864
Membership promotion and admissions	45,370	39,150
Research and technical	186,514	165,194
Uniform CPA examinations	250,045	210,246*
Educational courses and other educational activities	50,224	47,888
Publications	430,614	448,868
Public relations	110,459	128,366
State society service	40,995	33,662
Economics of accounting practice	26,984	5,809
Federal government information	48,153	28,714
Library	53,746	52,045
Accounting, office management and services	228,280	228,835
Protection of the practice of the profession	19,136	51,188
TOTAL EXPENSE	<u>\$1,756,267</u>	<u>\$1,694,829</u>
Excess of income before the following charges	<u>\$ 110,665</u>	<u>\$ 54,518</u>
Alterations, furniture and furnishings for additional office space	\$ 20,831	\$ —
Reserved for 1962 International Congress of Accountants	15,000	—
	<u>\$ 35,831</u>	<u>\$ —</u>
Balance added to income retained for working capital	<u>\$ 74,834</u>	<u>\$ 54,518</u>

* Adjusted to include for comparative purposes expense of information booklet for CPA candidates.

STATEMENT OF CHANGES IN FUND BALANCES

Year Ended August 31, 1958

	General	Endowment	Elijah Watt Sells Scholarship
Balance, beginning of year	\$667,787	\$247,860	\$ 4,634
Added to income retained for working capital	74,834		
Excess of expense over income			(315)
Reserved for 1962 International Congress of Accountants	15,000		
Gain on sale of securities		13,616	
Balance, end of year	<u>\$757,621</u>	<u>\$261,476</u>	<u>\$ 4,319</u>

American Institute of Certified Public Accountants
UNIFORM CPA EXAMINATIONS—INCOME AND EXPENSE
Years Ended August 31, 1958 and 1957

	<u>1958</u>	<u>1957</u>
Fees from state boards of accountancy.....	\$ 226,487	\$ 202,668
Expense:		
Fees for preparing examinations and grading papers.....	\$ 162,482	\$ 133,000
Salaries and social security taxes.....	42,310	39,690
Supplies, mailing, shipping and printing.....	24,584	18,342
Telephone and telegraph.....	1,085	1,005
Insurance on examination papers.....	344	326
Equipment and equipment maintenance.....	751	238
Rent	12,000	12,000
Meetings and sundry	6,489	5,645*
TOTAL EXPENSE	<u>\$ 250,045</u>	<u>\$ 210,246</u>
Excess of expense over income	<u>\$ 23,558</u>	<u>\$ 7,578</u>

* Adjusted to include for comparative purposes expense of information booklet for CPA candidates.

American Institute of Certified Public Accountants Foundation
STATEMENTS OF ASSETS AND FUND BALANCE
August 31, 1958 and 1957

	<u>1958</u>	<u>1957</u>
Assets:		
Cash	\$ 1,851	\$ 1,723
Marketable securities, at cost (quoted market 1958 \$100,522; 1957 \$97,152)	85,436	73,448
Accrued interest on bonds purchased.....	—	84
Fund balance	<u>\$ 87,287</u>	<u>\$ 75,255</u>

STATEMENTS OF INCOME AND EXPENSE
AND CHANGES IN FUND BALANCE
Years Ended August 31, 1958 and 1957

Income from securities less custodian fees:		
Contributed to American Institute of Certified Public Accountants for library expense	\$ 4,104	\$ 3,963
Fund balance, beginning of year	\$ 75,255	\$ 75,687
Contributions received	46	35
Gain or (loss) on sale of securities.....	11,986	(467)
Fund balance, end of year	<u>\$ 87,287</u>	<u>\$ 75,255</u>

American Institute Benevolent Fund, Inc.
STATEMENTS OF ASSETS AND FUND BALANCE
August 31, 1958 and 1957

	<u>1958</u>	<u>1957</u>
Assets:		
Cash	\$ 17,077	\$ 22,745
Marketable securities, at cost (quoted market 1958 \$199,981; 1957 \$186,901)	177,051	152,902
Accrued interest on bonds purchased	—	38
Fund balance	<u>\$194,128</u>	<u>\$175,685</u>

STATEMENTS OF INCOME AND EXPENSE
AND CHANGES IN FUND BALANCE

Years Ended August 31, 1958 and 1957

Income:		
Bequest	\$ 1,000	\$ —
Contributions	16,469	20,707
Income from investments	7,883	6,758
TOTAL INCOME	<u>\$ 25,352</u>	<u>\$ 27,465</u>
Expense:		
Assistance to members	\$ 13,956	\$ 17,325
Stationery, printing and other expense	501	631
	<u>\$ 14,457</u>	<u>\$ 17,956</u>
Excess of income over expense	\$ 10,895	\$ 9,509
Gain on sale of securities	7,548	1,152
Fund balance, beginning of year	175,685	165,024
Fund balance, end of year	<u>\$194,128</u>	<u>\$175,685</u>