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## Annual Members Meeting, October 19, 1996, Chicago, Illinois

American Institute of Certified Public Accountants (AICPA)

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AMERICAN INSTITUTE  
of  
CERTIFIED PUBLIC ACCOUNTANTS

Annual Members Meeting

October 19, 1996  
2:00 o'clock p.m.  
Fairmont Hotel  
Chicago, Illinois

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ROY ALLEN & ASSOCIATES, INC.  
521 Fifth Avenue, 17th Floor, New York, New York 10175  
(212) 840-1167

T A B L E     O F     C O N T E N T S

		<u>Page</u>
1	INTRODUCTORY REMARKS BY AICPA CHAIRMAN OF THE BOARD	
	Ronald Cohen.....	4
2	PRESENTATION OF GOLD MEDAL AWARD	
	Philip B. Chenok.....	7
	Bert N. Mitchell.....	11
	Mahlon Rubin.....	21
3	REPORT OF INDEPENDENT AUDITORS J. H. COHN AND COMPANY	
	Steve Schenkel.....	35
4	REPORT FROM AICPA PRESIDENT	
	Barry C. Melancon.....	41
5	FIRST CENTURY OF THE CPA	
	Video Presentation	
	Introduction by Gary Previts.....	52
6	INDUCTION IN ACCOUNTING HALL OF FAME	
	Dan Jensen, Chairman of Committee.....	54
	Paul Kolton, Inductor.....	56
	Donald J. Kirk, Inductee.....	60

T A B L E       O F       C O N T E N T S

	<u>Page</u>
7        OPEN FORUM	
Adele Bolson.....	72
Jim Martin.....	74
8        CONCLUDING REMARKS	
Ronald Cohen, Chairman.....	76

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P R O C E E D I N G S

CHAIRMAN COHEN: Please take your seats so we can get started with the afternoon session.

Though we have had an exciting meeting, there is still lots of good stuff to come.

At this point I would like to declare that the 109th Annual Meeting of the American Institute of CPAs to be in session.

We certainly welcome all of you who have been here for the Council meeting and any coming for the Annual meeting.

The Annual Report of the Institute, including a copy of the Annual Joint Message from the Chair and the President, together with the audited financial statements, has been distributed and you should have found them on your tables either yesterday or today. If you need extra copies, they are at the registration desk. And the material will also appear in The Journal of Accountancy which all of you will get.

Before we get into the first order of business today, one administrative announcement.

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For those of you who are going to be leaving Chicago tomorrow, if you are not aware of it, tomorrow is the Chicago Marathon. And much of that activity will be in areas very, very close to the hotel here and particularly will affect the roads going south of here from about 7:15 in the morning until 1:00 o'clock in the afternoon. And you need to take that into consideration in making your travel plans.

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I'm advised that we should stay away from the Eisenhower Expressway and the Stevenson Expressway. Those of you who are familiar with them, one goes west and one goes southwest.

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And if you're going to the airport tomorrow between 7:00 and 1:00, again we are advised that you should plan two hours to get from here to the airport. That's what they tell us.

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The taxis all know this so they should be able to find alternate routes hopefully. But, again, be sure to take that into consideration.

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Our first order of business of the Annual Meeting is, as I said before, another exciting element of this meeting. And it is the presentation of the AICPA Gold Medal of Distinguished Service.

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The Gold Medal is the honest honor bestowed by the American Institute to a member whose influence on the profession as a whole is distinguished when compared with contemporary leaders.

It was in 1944 that the Institute established the Gold Medal for Distinguished Service in the profession. Several members who have received that honor since then are with us today, or at least they were with us earlier.

And I would like to recognize them and ask them, those who are in the audience, to stand and remain standing, and I would ask to hold your applause until I have introduced all of them.

Rholan Larson; Is Rholan here? I know he was here earlier.

Ray Groves, is he still here with us? No.

Marv Strait is. Marvin, would you stand.

Monday Lowe. Is Monday still here? There he is over here.

Phil Chenok.

Sam Derrieux.

Stan Scott.

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And Don Kirk.

Have I left anybody out? I don't think so.

Let's give them a warm round of applause.

(Applause.)

CHAIRMAN COHEN: Now I would like to ask Phil Chenok, himself a Gold Medal winner, and Chair of the Awards Committee, Immediate Past President of the AICPA, to come to the podium and make the presentation of this year's award.

Phil.

MR. CHENOK: Thank you, Mr. Chairman.

And good afternoon, ladies and gentlemen.

It really gives me great pleasure to stand before you today to honor two CPAs whose influence and dedication to service distinguishes them among their peers.

As Ron indicated, the Gold Medal for Distinguished Service was first awarded in 1944. And after today's presentation, eighty-one CPAs will have been so honored by their peers.



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Now that works out to be about one-  
and-a-half each year. So are really lucky today  
because we are above average. We have two awardees.

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Bert Mitchell and Mahlon Rubin have  
very much in common although they practice in  
different parts of the country.

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They both are founders and managing  
partners of their firms.

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They both have given unselfishly of  
their time and energy both to the AICPA, to their  
State organizations and to their communities.

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I personally had the pleasure of  
serving on the Board with both individuals. They were  
very, very worthy members of the Board, very dedicated  
and I consider them both to be friends so that it is a  
real pleasure for me to stand before you today to give  
the awards.

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In a moment I will call on each of  
them and read the citation that has been prepared that  
summarizes their significant influence on the  
profession.

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And then we will give each of them  
an opportunity to share their thoughts with the rest  
of us in what I know will be a significant message,

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and also what I know will be a very proud moment in their professional careers.

Bert, would you come forward, please.

This is the citation:

"American Institute of Certified Public Accountants, Gold Medal Award for Distinguished Service, to Bert N. Mitchell.

"Bert N. Mitchell has made significant contributions to the accounting profession over twenty-five years. His leadership has spanned a broad spectrum of activities.

"Mr. Mitchell's impact on the Institute has been profound. He has served as a member of the Board of Directors and Governing Council of the American Institute of Certified Public Accountants.

"An active volunteer, Mr. Mitchell also served on a variety of key committees, such as the Strategic Planning Committee, the Private Companies Practice Executive Committee, the Auditing Standards Structure Special Committee, and the 150-hour Education Requirement.

"As President of the New York State Society of Certified Public Accountants, he was the

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first black to head a State Society of CPAs in the United States.

"Moreover, he has served as chairman and member of the Board of Accountancy for the State of New York.

"Mr. Mitchell's involvement within the profession has extended to other areas of participation. He was a founding member and chairman of the board of the National Association of Minority CPA Firms and chairman of the accounting group, TAG International.

"Mr. Mitchell is the founder, chairman and chief executive officer of Mitchell & Titus, LLP, the nation's leading minority-controlled CPA firm.

"Active in community affairs, philanthropy and politics, he has served on the boards of over a dozen not-for-profit organizations and educational institutions.

"He has also been a member of various publicly-appointed commissions and committees, has published numerous articles on business and accounting, and is a frequent lecturer at colleges and universities.

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"Mr. Mitchell's awards and citations are numerous, including a Minority Business Person of the Year Award from the U. S. Small Business Administration, and the Marcus Starkey Award for Excellence from the Jamaican American Council.

"In recognition of such a distinguished career and with great appreciation, the Institute presents the Gold Medal for Distinguished Service, its highest award, to Bert N. Mitchell, October 19, 1996.

"Signed Ronald S. Cohen, Chairman of the Board."

(Applause and standing ovation.)

MR. BERT MITCHELL: Thank you, Phil. Maybe I should really read that and see if it really says what you read.

(Laughter.)

MR. BERT MITCHELL: Because those are some very nice things that you have said about me.

And I am particularly gratified to be receiving this award from a former recipient and, moreover, from you, in particular, in that when you became President of the Institute, I was a member of the Board. So I can hold that up as one of my great

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achievements to the profession. We helped hire Phil Chenok to the AICPA.

And I think that is a tremendous accomplishment and the contributions that you made to our profession during those difficult years of challenges and changes in our profession.

I'm very, very honored to receive this award.

I also want to congratulate my co-awardee, Mahlon, for his contribution to the profession and to be a recipient along with me here today.

Over the years I received a number of awards from various organizations and even within the profession as well. But this one is particularly meaningful, particularly special, particularly touching because when your peers recognize you for what you do I think it gives a particular dimension to the meaning of your contribution.

I have been a member of the Institute for about thirty years now and I have served with many of you on various committees and the boards and so forth within the Society -- within the Institute.

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But I do have one other association that even predates my affiliation with the Institute. And that one has been thirty-five years so far. And that's with my wife, Carol, who is here today, and she has been the inspiration and support for much of what I have been able to achieve.

And I would like to recognize her.  
(Applause.)

MR. BERT MITCHELL: I must confess to you that becoming a CPA was not one of my childhood dreams and I became an accountant by accident.

When I first came to the United States, twenty years old from Jamaica, West Indies, I thought I was going to be an engineer. And so I went to one of the best engineering schools in the country, which was City College.

However, what I didn't know is I went to the wrong campus, which was the business school.

(Laughter.)

MR. BERT MITCHELL: And having had no guidance, I just took whatever courses they had and I took some accounting courses, and here I am standing before you today, a CPA.

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(Laughter.)

MR. BERT MITCHELL: But what my second confession to you is, that that was the best accident that ever happened to me.

I'm proud to be a CPA and a member of this profession. Our profession has had many challenges. It has grown significantly over the years, not just in numbers - and it has grown more than five-fold since I became a member - but, more significantly, it has grown in prestige as opinion-maker, and it's a voice that is shaping important national legislation.

Our profession has withstood many challenges and has to a great extent dealt with change, necessary changes, not just in the technical standards area, but with respect to our social responsibilities as well.

We are making great strides in rethinking the issue of assurance and the attest function.

I do believe, however, that we'll see even further changes in that regard.

I believe the time will come when we will start to rethink some of our even more basic and

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fundamental concepts such as the independence.

It is my view that we will have to become more of an advocate for our clients. I don't believe it's completely necessary for the accountant to be independent of his client. I believe there is an advocacy role there.

Where the issue really lies is for us to understand clearly who the client is.

Most of you who have worked with me over the years know that my big area of concern has been the issue of diversity within our profession, and particularly so with respect to the inclusion of ethnic minorities.

We have come a long way in bridging the gap with respect to the gender gap, although we still have problems in the partnership level in most firms. But there's some good evidence that there is progress being made in those directions.

However, with respect to the African-American representation in our profession, we still lag far behind where we need to be. Still no more than one percent of our profession is represented by African-Americans.

When I became a CPA some thirty



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years ago, even then I was included among the first one hundred African-Americans to do so.

Back then, participation in opportunities for blacks in our profession was restricted heavily because of racial barriers.

Today, blacks are not making it where they need to make it, going into our profession, but mostly because people believe the problem has been fixed. People believe there is need for proactive affirmative action.

But I can tell you that that is really not the case.

We have to continue to focus proactively on the need to integrate our profession, to continue to support things like our initiative and minority program for scholarships that the Institute has been providing for some years now.

In 1970, Past President Ralph Kent, past Chairman of the Institute, provided the leadership for this Council to pass a very important resolution, a resolution that said that we intend to integrate the CPA profession in fact as well as in ideal.

I would like to say we are not there

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yet. We still have work to do.

On the other hand, I can stand here today and say to you that I believe that I am experiencing a part of the Martin Luther King dream, the dream that says we should be judged by the content of our character and not by the color of our skin.

And I believe that within the American Institute I'm accorded that judgment.

Over the last thirty years I've worked -- had the opportunity to work with hundreds of wonderful and supportive colleagues within this Institute. And I can attest to their sense of responsibility and further commitment of meeting this social responsibility.

So I'm truly proud to be a CPA and a member of this Institute.

And I'm committed to continue to work with the leadership to achieving the goals of the Institute, not just our own objectives for ourselves as CPAs, but our responsibility for serving the public interest.

So, again, I want to say on behalf of my family, my partners, who are not here today, except one of my ex-partners -- I don't know if he's

2 here, Ron Walker is out there someplace. I happen to  
3 be one of those few guys who are very friendly with  
4 ex-partners.

5 (Laughter.)

6 MR. BERT MITCHELL: I want to thank  
7 you for this award. I deeply and sincerely appreciate  
8 the opportunity to be included among such  
9 distinguished and outstanding people of those who have  
10 gotten this award ahead of me.

11 And I am especially pleased to get  
12 this award because, considering that if I was just a  
13 little bit less accident prone, I might have been an  
14 engineer. And today I would probably be out there  
15 trying to find a way to raise the TITANIC.

16 So, again, thank you.

17 (Applause.)

18 MR. PHIL CHENOK: Bert, you can  
19 read this at your leisure later.

20 And to assure everybody that what I  
21 read was -- here is what I read.

22 The other thing is we do have a Gold  
23 Medal. In fact, I wanted to wait until you gave your  
24 remarks to present that to you.

25 So, good luck and congratulations to

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you on a wonderful job.

MR. BERT MITCHELL: Thank you.

(Applause.)

MR. PHIL CHENOK: Mahlon Rubin,  
would you come forward, please.

I will now read the citation for  
Mahlon.

"American Institute of Certified  
Public Accountants, Gold Medal Award for Distinguished  
Service to Mahlon Rubin.

"Mahlon Rubin has provided  
outstanding service to the accounting profession  
during his entire professional career.

"His commitment has included  
participation in the work of the American Institute of  
Certified Public Accountants, at the national level as  
well as active involvement with organizations at State  
and local levels.

"Mr. Rubin has served as a member of  
the Board of Directors and Governing Council of the  
American Institute of Certified Public Accountants.

"He also has been a member of  
special committees: on Governance and Structure, and  
Solicitation, as well as the Mission.

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"Additionally, he has served on many standing Institute committees over his career, including both Executive Committees of the Division for CPA Firms, The Future Issues Committee, the Committee Operations Committee, the Management of an Accounting Practice Committee, CPE Board of Management and the Quality Control Standards Committee.

"Active in the Missouri Society of Certified Public Accountants, Mr. Rubin served on its board of directors and various committees, including those dealing with professional ethics, taxation, professional development and long-range planning.

"He is a founding partner of Rubin, Brown, Gorstein & Co., LLP.

"Mr. Rubin also has a significant record of service with organizations of accounting firms, having served on the Board of Directors of Summit International Associates, Inc., as well as Chairman of the Board of Directors of CPA Associates.

"Mr. Rubin has served as a lecturer at many tax, accounting and management seminars.

"His awards include Accounting Advocate of the Year from the State of Missouri, the Best Tax Practitioner presented by Money Management,

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in addition to many business awards in the St. Louis area.

"His interests also extend into the community where Mr. Rubin serves on boards of directors of hospitals and executive committees and advisory boards of educational institutions.

"In recognition of such a distinguished career and with great appreciation, the Institute presents the Gold Medal for Distinguished Service, its highest award, to Mahlon Rubin, October 19, 1996.

"Signed Ronald Cohen, Chairman of the Board."

(Applause and standing ovation.)

MR. MAHLON RUBIN: Thank you very much. Thank you one and all.

The Institute's Distinguished Service Award is really a true honor.

As many of you know, I'm a real sports fan. Some of you would categorize me, especially Maureen, as a sports nut.

So to receive the gold in this year of the Olympics really takes on an added dimension for me.

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I didn't train as hard as some of the Olympians who trained for the gold, but on the other hand I've served this profession and the Institute for over thirty years. And some of the time and effort spent was kind of real arduous training.

Many of the people here today can verify how tough some of this training really was.

I guess I've had the opportunity to serve in more different and varied capacities than most members. I've seen a lot of change, a lot of turmoil. But I have been extremely proud of our profession and our commitment to excellence.

The program and the things I have observed in the last two days have certainly fortified my proudness of our profession.

I, the same as Bert, have received a number of awards in the past, both business and community awards. But this award by my peers is really something very special to me.

I, by way of a sideline, Bert, I started before I was in the service in engineering school and I determined very early in the game that I wasn't going to be a chemical engineer anymore and the business world really interested me a lot more.

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2                   So a lot of what we have is in  
3 common. You wanted to be an engineer, I guess, and  
4 wound up in business. I kind of wanted to be one too  
5 but decided very early it wasn't meant for me.

6                   When I reviewed the list of prior  
7 recipients since the award was first given in 1944, I  
8 am especially honored. To be considered in the same  
9 category as some of the outstanding leaders of our  
10 profession is indeed something very special to me.

11                   I owe thanks to many: my  
12 professional and business associations, my friends  
13 here at the Institute, my associates and partners at  
14 RBG, and several of them are here today, and  
15 especially to my family who have always really come  
16 first in my life. I am proud of them and grateful to  
17 them for their support through the years.

18                   My wife, Maureen, has been most  
19 supportive. And I got to go you one better, Bert. It's  
20 going to be forty-five years very shortly.

21                   (Laughter.)

22                   (Applause.)

23                   MR. MAHLON RUBIN:   Interestingly  
24 enough, Bert mentioned a few things that have sort of  
25 been my philosophy through the years and the



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philosophy I've tried to impart to my family and my associates at our firm.

It has been to recognize that we have an obligation to give back to the profession and to our community that has been so very good to us through the years.

I am proud to say that I think I have lived up to that philosophy and my family and members of our firm have done likewise.

It's kind of interesting when you go back and try to go through time. Every year when new staff come into our firm we have sort of an introduction and indoctrination as to what our firm's history is, what our firm's philosophy is.

And this just happened a few weeks ago when I was talking to some of the young folks, new employees, telling them about the beginnings of our firm and what our philosophies were.

And what I have been saying for a number of years, you know: "You know, guys, I'm talking about things that happened before you were born." That's sort of been in the presentation.

I had to stop several weeks ago with that. And I thought for a moment and said: "You know,

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I'm talking about things that happened twenty years before you were born."

So things do change.

Bert mentioned where the minorities are in the profession. I think I can certainly empathize. I certainly agree with everything he has said. And I come from an era that can really be sympathetic towards it.

I was born in East St. Louis, which, as many of you know, is not now a thriving community. I was a little Jewish kid. I served in the service for three-and-a-half years and was able to go to the university under the GI Bill of Rights.

I finished at the top of my class in the university. And then, suffice it to say, I had a hard time getting a job. These are things that are in your memories.

And so the world has changed.

We talked the last couple of days about change. And it's been very interesting to me.

I read with interest Ron Cohen's recent comments in The CPA Letter that talked about change and new challenges that are facing our profession.

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He indicated that our past accomplishments will not necessarily provide us a road map to the future.

I agree one hundred percent with that concept. The only game that counts is the next one. You can't sit around and pat yourself on the back for a win or mourn a loss. Life is for the living.

Successful teams think only of the next game.

I can really empathize with that also having gone to the St. Louis Cardinals great game last Sunday. What happened since then was thirty-two runs for them and one for us.

So change has been constantly with us, and in the years that I have been in the profession some years faster than others. But change has really always been there.

Who remembers how things used to be? I think we all sitting in this room do. Some of us remember some things that others don't.

But I remember before there were no computers, no fax machines, no voice mail, no E-mail, thank goodness, no copying machines. I remember carbon paper. I remember mechanical adding machines, no

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2 electric adding machines. And I remember my first job.  
3 When I took my first job, the first thing the managing  
4 partner of that small firm told me was that when you  
5 ran the adding machine with the tape through, save it  
6 because you had to run it back through the other way.

7 (Laughter.)

8 MR. MAHLON RUBIN: Things have  
9 really changed.

10 I remember the time before there was  
11 CPA golf balls, T-shirts, license plates and mouse  
12 tags.

13 Change has always been there,  
14 sometimes faster than others, as I have indicated.

15 Our profession has grown  
16 tremendously in the almost fifty years I've been a  
17 part of it.

18 My certificate number in Missouri is  
19 1425. I have now just asked some of the young folks in  
20 the firm what theirs is and it's 20,000. Times have  
21 changed.

22 Let me just review a few statistics  
23 of what's happened to our profession, why we have to  
24 be proud of it, why we have to work for it as a team  
25 and why we should realize some of the difficulties in

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divergent views.

When I joined the Institute -- I got these figures - they have not been audited or verified - but I got these from the Institute, authenticated, without signing his name to it, by Mr. Chenok - that when I joined in the Institute in 1952 there were 19,900 members. There are now 325,000 members.

Twenty years ago there were 112,000.

When I joined the Missouri Society, there were 709 members. There are now 7,500 members.

So there is growth.

Even more dramatic - and I don't know what the number was in 1952, but in 1965 the Missouri Society out of 1200 members at that time, there were nineteen women.

So things have changed.

Change for the better, change for the good.

But we and the profession have grown tremendously through the years.

Let's review also some of the important dates and events since I joined the profession.

When I joined, and my certificate is

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still on the wall, it doesn't say I'm even a member of the AICPA. I don't know how all these rules apply to me, but I'm a member of the American Institute of Accountants before the AICPA.

We became the AICPA in 1957. In 1959 we formed something called an Accounting Principles Board. In 1961 that board issued its first opinion. It only took them two years to do it. Not bad.

(Laughter.)

MR. MAHLON RUBIN: In 1973 the Financial Accounting Standards Board was formed, FASB.

In 1974 we had what we called - this is over twenty years ago -- had what we called the Cohen Commission Report and it revealed something that was a gigantic surprise to us in the profession. It talked about an expectation gap.

I would submit to you that twenty years later there is a still an expectation gap out there.

In 1977, creation of the AICPA Division for CPA Firms.

I guess I am one of the lucky people that had the opportunity at that time to serve on the first Executive Committee of the Private Companies

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Practice Section. I've also served on the Executive Committee of the SEC Practice Section. I say fortunate because there are probably not too many of us out there who served on both of them. And both jobs were interesting.

My point of all of this is that change is part of the game.

And, believe it or not, we are still a growing profession. Change is part of the game. It's always been there, always will be, and the winners, no matter what game you are playing, are those that are able to adapt to change.

I'm kind of reminded of the football story that I tell sometimes. There's two minutes to go in the first half. And the quarterback gets injured. He has to come out of the game. He hurt his arm.

The coach takes the second-string quarterback and puts his arm around him and he says, "we have two minutes to go." He says, "here's what I want you to do." He says, "I want you to run three quarterback sneaks right up the middle and then punt. And then we'll begin the second half."

So, he takes that advice.

The first sneak up the middle he

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goes ten yards. Second, he gets lucky and goes twenty yards. The third sneak up the middle, he goes thirty yards. He's suddenly on the twenty yard line. Then he punts.

(Laughter.)

MR. MAHLON RUBIN: He goes to the sidelines and the coach says, "What the hell were you thinking of?"

He said, "I was thinking I've got the dumbest coach in football."

(Laughter.)

MR. MAHLON RUBIN: We must adapt to change.

Working together as a profession is not easy, but we must do it.

Working together has always been tough, but we must recognize that an organization of 325,000 people has more divergent interests and views than one of 20,000 or 100,000.

Working together continues to be all important.

I heard it expressed a few weeks ago by the rabbi of our congregation who was talking about family values. I think that the same applies to us



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within this profession. I've never heard this before.

He said -- he held his hand up and you could see five fingers. If you hold your hand in front of you you see five fingers.

Now, let's look at those fingers. They are all different: different sizes, different shapes, different places.

Now, if you hold one of those fingers and try to do something with it, you don't do much. But if all five of those work together, you can accomplish a lot.

I think there is a message in that story.

What we have in this profession - we've heard the last several days and I've been witnessing it for well over thirty-five years - we have a lot of different fingers out there. And it is tough to get all of those fingers working together.

That's the job of leadership in any organization is to get your fingers working together.

I look upon this award as really the highlight of what I think is a successful career. I've been accused of being successful in helping build a successful firm.

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I'm often asked by people what my formula is for success. It seems that accountants always want the equations and formulas for everything.

I remembered -- there is no formula, but I remembered a couple of things.

I remembered what it takes. My grandpa gave me some advice when I was a very little kid.

I said to him, "Grandpa, what does it take to be successful?"

He says, "Well, what you have to do is work a half-day every day."

I thought for a moment and I said, "Wait a minute. You're saying if I work a half-day every day I will be successful."

He said, "Yes, my son. If you work twelve hours everyday, and that is what it takes."

(Laughter.)

MR. MAHLON RUBIN: Tomorrow is the Chicago Marathon. I've learned another thing: that success is really a marathon. It's not a sprint.

I think our new Vice Chairman, being a marathon runner, can appreciate that it's not going to be -- that it is a marathon and we expect him to

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make a sprint out of it though.

But he's a marathon runner.

Another thing I've learned what  
success is, it comes before work only in the  
dictionary.

I would like to close with something  
that Ralph Waldo Emerson addressed as success.

To laugh often and much;

To win the respect of intelligent  
people and the affection of children;

To learn the appreciation of honest  
critics and endure the betrayal of false friends;

To appreciate beauty;

To find the best in others;

To leave the world a bit better,  
whether by a healthy child, a garden patch or redeemed  
social condition;

To know even one life can breathe  
easier because you have lived.

This is to have succeeded.

I have tried to take Mr. Emerson's  
advice and do these things.

Again, thanks one and all for this  
very great honor.

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And I guess I would close by saying what some of our very favorite politicians say these things: God bless America.

(Applause.)

MR. PHIL COHEN: And the gold.

CHAIRMAN COHEN: Thank you, Phil, and congratulations to both Bert and to Mahlon.

And I can't think of two more deserving individuals in our profession for this very high honor. Congratulations to both of you again.

And now I'm pleased to introduce to you Steve Schenkel from J. H. Cohn & Co., our independent auditors, who will present our Auditor's Report.

Steve.

MR. STEVE SCHENKEL: Thank you, Ron.

Good afternoon.

I'm pleased to be here to present to you the five financial segments for the AICPA and related organizations as of for the year ended July 31, 1996.

Before discussing the financial statements, I would like to take some time and just

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say that we at J. H. Cohn would like to express our appreciation to the Council, to the Audit Committee and to the members and the AICPA staff for the opportunity to serve as your auditors.

In addition, we would also like to express our gratitude for the assistance provided to us by the staff of the AICPA during the audit.

The financial statements provided to you include two opinions, the first of which is our unqualified opinion on the combined financial statements of the AICPA and related organizations.

The second opinion on management assertions that the AICPA maintained an effective internal control system over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition.

The later opinion places the AICPA at the forefront in this type of reporting, as one of a select group of entities whose management makes such assertions.

This year represented some significant changes to the AICPA's financial statements as a result of the adoption of numerous accounting pronouncements.

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We've concurred on the adoption and the accounting treatments afforded. In past years the financial statements of the AICPA and related organizations were audited and presented separately. This year, in accordance with SOP 94-3, reporting of related entities by not-for-profit organizations, the financial statements have been presented on a combined basis.

In addition to the statements on a combined basis, the overall presentation has changed to comply with FAS 117, financial statements of not-for-profit organizations.

Other major pronouncements adopted this fiscal year included:

FAS 106, employer's accounting for post-retirement benefits other than pensions;

FAS 116, accounting for contributions received and contributions made;

FAS 124, accounting for certain investments held by not-for-profit organizations.

The cumulative effect of these changes in accounting principles were adopted retroactive to August 1, 1995.

As I just alluded, the 1996 results

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were affected by a non-cash charge from changes in accounting pronouncements and amounted to approximately \$4 million primarily attributable to FAS 106 of \$7 million, the net of FAS 124 of \$3 million.

Overall both revenue and expenses showed marginal increases from that of the prior years.

With respect to revenue, investment and sundry incomes was higher, but that was offset by a decrease in publications and professional development.

Expenses increased modestly with the largest increase being the image enhancement campaign which is included in the communications and public relations.

In general, as a result of the accounting changes and the cash flow from operations, the major changes in the statement of financial position consists of the following:

- (1) An increase in marketable securities of \$11 million;
- (2) technology related capital expenditures of \$4 million;
- (3) deferred employee benefits of \$9

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2 million, primarily the result of the initial adoption  
3 of FAS 106;

4 And (4), repayment of long-term debt  
5 of \$2.8 million.

6 Now, as to the statement of cash  
7 flow, the following highlights are noteworthy.

8 Cash flow from operations was  
9 approximately \$13 million in both 1996 and 1995.

10 Investing activities used cash in  
11 each year of \$10 million and \$12.5 million.

12 The decrease in 1996 was due to less  
13 equipment and leasehold improvement purchases, net of  
14 purchases of marketable securities.

15 One other item of note is the  
16 purchase of marketable securities. There is a  
17 significant turnover in marketable securities this  
18 year due mainly to market conditions.

19 And third and last, repayment of  
20 long-term debt exceeded that of the prior year by \$1.5  
21 million or a total of \$2.8 million.

22 Along with this discussion of the  
23 financial statements, I would like to take this brief  
24 opportunity to mention the Audit Committee and their  
25 initiatives in being responsive to the 1995 POB, the



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Public Oversight Board, Report and what it has meant to us as auditors.

The Audit Committee has embraced the recommendations from the Report and it has provided a terrific avenue of dialogue to and from management and us as auditors to the Committee of various accounting and auditing issues.

Once again, thank you for this opportunity.

And if there are any questions, I'm available to answer them now or at my seat.

Thank you.

CHAIRMAN COHEN: Thank you, Steve.

(Applause.)

CHAIRMAN COHEN: Does anyone have any question for our auditors?

(No response.)

CHAIRMAN COHEN: There being none, we move on.

The next item on the agenda is a Report from our President.

I think you already have heard my feelings about the job that Barry has done in the past year. There is a lot of exciting things going on that

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Barry will provide you now with an update on activities of the Institute and other developments that we haven't already discussed that have come about since he last reported to you last Spring.

Barry.

PRESIDENT MELANCON: Thank you, Ron.

I don't want to risk the sound of a mutual admiration society here, but I do want to publicly thank a few people.

One is obviously Ron Cohen for the effort and the work that he did this past year, but also the guidance and advice that he has given me through what obviously has been a year of change for myself and my family as well as a lot of change in the AICPA. And I really appreciate it. You've done a great job, Ron, and I'm glad we are going to have you on the Board for another year and as a friend for the rest of our lives because I've learned a lot from you.

Likewise, my good friend, Bob Israeloff, is finishing his term on our Board of Directors. And I know that pains him much, but it also pains me because Bob is a good friend and also a tremendous advisor.

I've had an opportunity to deal with

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an awful lot of members of this Institute. And I will tell you that Bob has an uncanny ability in sensing what our members are thinking. And he does an excellent job of addressing that to me and to other members of the Board.

And Bob Mednick, you heard him at lunch today. We are going to have a great year. So I look forward to that.

What I would like to do is just update you on a few things.

And you've heard an awful lot in the last day-and-a-half.

You know, Bob Elliott did an outstanding job and Bill Gates was great and Edie Wiener was outstanding.

But I have to tell you that of this meeting the thing that was most rewarding to me was the discussions that we had on regulation and structure of the profession, not because we came to any conclusions or not because we made any significant difference today, but because of the dialogue, the open dialogue that we had, and some very constructive comments that were presented to Council and to the committee I think will go a long way in us finding the

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right solution to some of these problems that are facing the profession from a regulatory standpoint.

And I thank you for your commitment and your dedication to the profession from that perspective.

I've already had two or three people give me their sort of schematic of how to solve these problems and have given them to me in my hand. And I'm carrying them with me. And several others have already promised me letters with their thoughts on how the solutions can be brought to bear.

And I welcome those from all of you and will share them obviously with the committee.

We went through a major restructuring in the AICPA in the last year and I'm here to tell you that we will probably always be in the midst of a major restructuring at the AICPA.

You cannot deal with change, you cannot deal with the issues facing the profession unless we adopt that mentality and approach.

As far as I'm concerned, that's the method of operation at the AICPA.

Specifically related to restructuring, we have gone through what I call two

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major projects, and that is, the technology reengineering which the auditors just referenced to you in the discussion on the statement of cash flows, and also our process improvement program.

We have undertaken in our process improvement program of mapping out all of the activities that we do, finding places to make management decisions for improvement, and to find the right strategy to actually implement those improvements.

About six of the functional areas of the Institute have been through that process and now we are beginning the phase of additional functional areas.

From a strategic standpoint, you have heard the major strategic initiatives of this Institute from a professional standpoint in the last day-and-a-half:

The restructuring of the profession from a regulatory standpoint;

The advancement of assurance services within the profession;

The creation of a greater market value and relevance for the services that we provide.

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I would just like to add a couple of others.

First, we need and we will be working on in bringing this to the Board a more focused vision process within the profession where we have an opportunity to communicate to the grassroots and the feedback from the grassroots about some of these very challenging issues.

I reported to you about a year-and-a-half ago of non-strategic initiatives in two hundred days and I reported to you at the last meeting that we accomplished eight of those nine.

The one that we didn't was the communication at the grassroots level, at the really gut level with our membership on some of these evolving matters.

And I'm very pleased to tell you that with the support of the Strategic Planning Committee and also with the Board in December, that we will be implementing a process that we think will help us to achieve that objective so that we know to the extent possible where we're headed as a profession and, as someone said earlier, when we grow up.

Also internally we have some

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strategic priorities that we are working on and I think they're very critical.

Obviously, the successful implementation of our technology plan is absolutely critical and remains a major priority.

In addition, we have identified the need for training among our staff, training in a lot of the issues that are facing the profession, a lot of the technology components, a lot of changed management components.

And we are investing significant dollars in our budget process for that.

And the other one is that one that is near and dear to me, and that is, that a member service or a customer service mentality. The message that I have given to our staff is that we cannot expect the members of the Institute to trust the Institute to deal with these major issues facing the profession unless we first win them over on the little issues that they face on a day-to-day basis from a customer service standpoint.

The Institute last week participated for the first time in our history in International Customer Service Week. We have the one-stop shopping

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coming in place with the technology component in April or May. And we are investing again significant dollars in that training apparatus to make sure that we develop and deliver customer satisfaction or member satisfaction in our case at the highest levels.

I would like to also tell you that through this change and through the restructuring at the Institute, through the adopting of an strategy that is very fast and quick and dealing with change as rapidly in the profession as we can, that I am very proud of the staff and very proud of our executive staff and our entire staff as to how they responded, how they have supported me and members of the Council and the Board and committees, and how they've dealt with those changes.

I can tell you as an example the technology that we used today at these meetings and our meeting planning, et cetera, obviously you all know that doesn't happen by accident and there is an awful lot of our staff that has been integrally involved in all of this.

And I would like, if you would, please, join with me in a round of appreciation for them.



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(Applause.)

PRESIDENT MELANCON: You should know that we have built the strategic initiatives of the profession into the evaluation methods of our staff.

We have had an executive staff retreat which includes our directors and vice presidents and we talked about the strategic initiatives facing the profession just as you have in this meeting and the prior meeting.

And the types of responses that we got were very encouraging. We certainly get the typical response of we have too much to do and not enough time to do it in.

But, more importantly, we got a very positive response as related to the Elliott Committee recommendations, and also in responding to the question that Bob responded to, both Bob's, Bob Mednick and Bob Elliott responded to earlier.

The pretty clear feedback from our directors and vice presidents was that we had to deal with these initiatives internally in the Institute not as a project but as something that sits at the core and the internal fabric of the AICPA.

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That came from our staff. It didn't come from me or Bob Elliott or Bob Mednick. But they were presented with the facts and the challenges of the profession and that is how they intended to respond.

And so in answer to the question that Bob Elliott responded to, you can rest assured that it will be not only over his dead body but over my dead body, as he said, to move those forward.

My friend, Rick Telberg, might tell you that there are people out there from Accounting Today that might actually say that it could be arranged over my dead body.

(Laughter.)

PRESIDENT MELANCON: Just a couple of other points.

Feedback and dialogue is very important. You had an importunity to do that today and you have my commitment, and I know I speak for Bob Mednick and Stu Kessler, as we plan future meetings like this, to build that as well into the fabric of the construct of Council.

It is critically important, and your response to it has been tremendous.

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The ability to deal with the big issues and not be bogged down by the small details which, quite frankly, we can't solve at Council. We have to set the path and the direction at this level of leadership. And you have responded to that very effectively and very positively, and I appreciate that.

My final comment is that we have adopted internally a clear objective that we will be the premier organization, the premier professional organization. And, no, we are not there today on everything that we do, we accept that. And maybe on everything we do we may never reach that goal.

But we will be the premier organization on an awful lot of things that we do and on a constantly increasing number of things that we do.

A lot of people have asked me how I transitioned to this job and how do I like New York and am I having fun.

And, in closing, I would just like to tell you that I don't think anyone has a job that has more fun than mine. It's challenging at times. But I have the opportunity to represent 325-335,000 CPAs

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2 and to work hard for them and to help create change  
3 and reposition the profession.

4 There isn't anything that could be  
5 more fun than that.

6 I appreciate your support.

7 Thank you.

8 (Applause.)

9 CHAIRMAN COHEN: Thank you, Barry.

10 We now turn to the consideration of  
11 the first century of the CPA in the United States.

12 I'm going to turn the microphone  
13 over to Gary Previts who is currently a member of the  
14 Institute's Board of Directors, recipient last year of  
15 the AICPA Lifetime Achievement in Accounting Education  
16 Award at the Spring Meeting of Council, and one of the  
17 leaders in this effort to recognize the history of our  
18 profession.

19 Gary and a consulting team of  
20 historians have been working with the Institute's  
21 video staff on the production of the video which you  
22 are about to see.

23 Without further ado, Gary, it's all  
24 yours.

25 MR. GARY PREVITS: Thank you, Ron.

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2                   The program that you are about to  
3 see is one that recognizes and celebrates the  
4 founding, formation, development, and certainly the  
5 ongoing evolution of our CPA profession.

6                   In working with the Institute's  
7 staff and with the volunteer team I certainly had an  
8 enjoyable experience and a very worthwhile learning  
9 experience.

10                  And as Barry just commented on, we  
11 have a first-rate staff of professionals supporting  
12 us. I want to recognize them by name. It's a little  
13 unusual to do that, I suppose, but they were such a  
14 top-flight group.

15                   Josh Perlett, our producer,  
16                   Will Avgerakis,  
17                   Janice Maiman,  
18                   All of the video support team,  
19                   Of course, Bea Sanders of the  
20 Education Division,

21                   Were all very important in helping  
22 us put this program together.

23                   In addition, my colleagues, Paul  
24 Miranti of Rutgers University and Professor Dale  
25 Flescher at the University of Mississippi were very

1  
2 instrumental in helping us draft the script for  
3 today's program.

4 We are going to let the program  
5 speak for itself. So we are not going to have a lot of  
6 other long-winded expositions here as academics are  
7 sometimes noted for.

8 And we hope you will enjoy this.

9 Ladies and gentlemen, "The First  
10 Century of the CPA."

11 (A video was viewed by all  
12 assembled.)

13 CHAIRMAN COHEN: Gary, you and your  
14 Committee are to be congratulated for that outstanding  
15 visual. Really, it was very, very well done.

16 (Applause.)

17 CHAIRMAN COHEN: For those of you  
18 who are history buffs in the room and feel depressed  
19 for any reason, let me remind you that nine years ago  
20 today, October 19th, the stock market fell well over  
21 500 points.

22 So we should all feel a little  
23 better. Today's Saturday. It's closed.

24 (Laughter.)

25 CHAIRMAN COHEN: Next on the

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2 agenda, we have the induction to the Accounting Hall  
3 of Fame of Donald J. Kirk.

4 And it is my distinct pleasure to  
5 introduce Dan Jensen.

6 Dan is Professor of Accounting at  
7 the Fisher College of Business at Ohio State  
8 University and Chairman of the Committee on the  
9 Accounting Hall of Fame.

10 Many of you may not have been aware  
11 that there is an Accounting Hall of Fame. We thought  
12 this time, at this centennial celebration, recognition  
13 of the Hall of Fame would be most appropriate.

14 Dan.

15 MR. DAN JENSEN: I want to thank  
16 the AICPA for inviting the Accounting Hall of Fame to  
17 be part of this observance of the 100th anniversary of  
18 the CPA.

19 As some of you know, the Accounting  
20 Hall of Fame was established in 1950 -- some of you  
21 may know this -- by the Ohio State University in  
22 Columbus, Ohio.

23 It was established in conjunction  
24 with the annual meeting held at Ohio State from 1938  
25 through 1963. That meeting was called the Ohio State

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Institute of Accounting Conference. For over twenty-five years accountants came by train and car from across the country to Columbus, which had a good central location.

The meeting flourished in an era in which there were far fewer opportunities for national meetings among accountants.

It was also in the era in which interchange between accounting practice and academe was more frequent.

Since its inception in 1950, the Accounting Hall of Fame has inducted fifty-eight members from public accounting, industry, government and academe.

They are listed in your program materials. Members are elected by the International Board whose members are also listed in your program materials.

Today, we induct the fifty-eighth member of the Accounting Hall of Fame.

It is my honor to introduce Mr. Paul Kolton who will induct the newest member.

Let me say just a few words about Mr. Kolton.



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2                   Between 1962 and 1978 he was  
3       Executive President, President, Executive Vice  
4       President -- I'm sorry -- President and then Chairman  
5       of the American Stock Exchange.

6                   Then between 1978 and 1992 he served  
7       as the first independent Chairman of the Financial  
8       Accounting Standards Board's Advisory Council.

9                   His many accomplishments and  
10      distinctions include service on the boards of over  
11      twenty-five major corporations.

12                  We are very pleased that he can be  
13      with us today.

14                  Mr. Kolton.

15                  (Applause.)

16                  MR. PAUL KOLTON:    Thank you, Dan.

17                  Mr. Chairman, Mr. President:

18                  It is a pleasure to join you to  
19      celebrate one of those human curios who brings  
20      distinction to everything he does, and in the case  
21      today, to the Hall of Fame itself.

22                  Don Kirk has had a number of  
23      careers: accounting professional, corporate director,  
24      civic official, Executive in Residence at Columbia  
25      University, leader of important not-for-profit

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organizations, and then for fourteen astonishing and tumultuous years a board member and for nine of those years Chairman of the Financial Accounting Standards Board.

It was during this year that as head of the Board's Advisory Council that I learned a great deal about standards setting. But I learned a great deal more about Don Kirk.

In the perspective of time I've come to think of him as a kind of historical accident. He has the brains and patience and the eloquence, the high standards, that combination that one person rarely possesses, and he was in the right place and it was the right time.

So for the board and for the idea that private people can effectively and independently set their own standards, the Kirk years will be a kind of watershed, a golden age. Without a lot of high drama, without more emotion than he needs, and without rhetoric, he went about the business of orchestrating change with three strikingly necessary characteristics.

He has an inflexible fidelity to independence and high standards that serve a public

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purpose.

He has an irresistible insistence that things move forward, that they get done openly and they get done right.

And, finally, he developed a heat resistant shield that NASA should explore.

(Laughter.)

MR. PAUL KOLTON: The result, I think, is that it will still be years before we appreciate what the FASB has become and what Don and his associates have constructed.

He also, we have learned, opened the door that was often closed. It's called communications. And he showed us about the making of messages and how to read them. It's a complicated, continuing process.

And I think I can illustrate it with a story about Jack Benny who once complained to a newspaperman that, although he and George Burns were very close and they had been so for years, he, Benny, could never, but never communicate well enough with Mr. Burns to make him laugh.

Once though, he said, I thought I had him. George called my hotel room from the lobby

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and he said was he coming up.

So I got undressed, stood naked on a table, posing like a statue with a rose in my hand.

I thought he would come in the door and he would have to laugh.

"So what happened?" the reporter said.

"Well, he sent the maid in first," Benny replied.

And so the process goes on.

But this special moment is for someone who, by way of Ohio and Yale and Price Waterhouse, came to the board in its very early days under Martin Armstrong, who over the years established the institution's independence so that it's curiously rock-hard and fragile at the same time, who reached the high places the hard way, who had a sense of what the board ought to be and made it that way, and you look and realize, as someone once described it, that nobody captured his colors and nobody silenced his groans.

And after the FASB, Don Kirk continued his service to the profession and the public as Chairman of a groundbreaking task force on

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strengthening the professionalism of the independent auditor as a member of the Public Oversight Board and as a member and chairman of the audit committee of several large enterprises.

He has, prior to today, received the Institute's highest award, the Gold Medal for Distinguished Service, the New York University Graduate School of Business Alumni Achievement and a honorary doctorate from Lycoming College.

And so events and logic propel him now into the company of other giants in the Hall of Fame.

Don.

(Applause.)

MR. DON KIRK: Thanks very much,  
Paul.

Paul has a particular skill in bringing out the best in everybody he talks about and I very much appreciate that introduction.

Paul has foregone the onerous task of reading the rather lengthy citation that has been prepared concerning my induction. And I will hit a few highlights of my past to put at least my views in perspective in anticipation of receiving of this

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award.

I am joining an accomplished group of predecessors, fifty-seven in number.

Having worked with twenty of them and read the writings of many more, I have firsthand knowledge of their accomplishments.

Vanity tells me to accept my place among those giants as one of their equals.

Well, why not? At least for a day. I know that history and reality will eventually put me in my proper place.

It was forty years ago that a correspondence course in accounting set the direction of my life, first as a student, then as a practitioner, standards setter, teacher, and now as an overseer.

The seeds for my interest in accounting were the teachings of Professors Paul Burning and Ralph Jones at Yale, and the textbooks of William Paton. Paton was among the first group inducted into the Hall of Fame when it was established in 1950.

Also among that first group was George O. May, long time senior partner of Price

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Waterhouse.

In a rather unusual way George O. May was an influential factor in my career choice. While at Yale in a large lecture hall filled with awe-struck students, in a course given by an applause-inspiring historian, the stature of George O. May was indelibly planted in my memory.

In two successive lectures, John Morton Blum, one of those teachers you never forget, mentioned George O. May's role in improving financial reporting from the 1929 crash.

If the work of a CPA warranted mention by Professor Blum, it had to be a profession worth joining.

Thirteen years later, another senior partner of Price Waterhouse, John C. Biegler, gave direction to my career when he called me up to his office and suggested that I should consider leaving the firm.

(Laughter.)

MR. DON KIRK: Fortunately, he accompanied that suggestion with a possibility of my taking a position at a new organization in the process of formation, the Financial Accounting Standards

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Board.

Shortly after, when officially offered a board membership, I accepted without a question or a hesitation. I was eager to take on the challenges of that new venture.

That was the start of a fourteen-year stint at the FASB and close and rewarding associations with the talented and dedicated staff, and over the period of those fourteen years, association with sixteen board members, all of whom were independent and strong-minded individuals who at times, I must say, were not only strong-minded, but occasionally wrong-headed.

(Laughter.)

MR. DON KIRK: Four of those board members are also members of the Hall of Fame: Marshall Armstrong, John Queenan, Oscar Gellein and Robert, Bob, Sprouse.

For what I was able to contribute to that organization, I owe particular thanks, first to Bob Sprouse for a thirteen-year education in clear thinking and his support as Vice-Chairman.

And, second, I owe thanks to two directors of research, Michael Alexander and Jim



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Leisenring, whom I'm pleased is here today, and to the Chairman of the Advisory Council, Paul Kolton, all of them for their wise counsel during my chairmanship.

I'm a great believer in the importance of both accountability and independence in the role of standards setters and in the role of overseers in corporate governance.

I commend the AICPA for its support of the recent changes in the governance and structure of the Financial Accounting Foundation, the overseers of the FASB.

Public trust in the FASB and its overseers depends in the long run upon the integrity, objectivity and independence of the entire process.

The change in governance to include more trustees not affiliated with the sponsoring organizations is a positive step in achieving that public trust.

From my personal viewpoint, the FASB seemed to me to be a perfect fit. It offered me experiences that were, I think, truly unique, so unique, in fact, that one executive recruiter I consulted with when I was leaving the FASB, couldn't think of a single full-time business position I was

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qualified for.

(Laughter.)

MR. DON KIRK: Not one.

And it really proved to be correct. Those fourteen years at the FASB were the longest I ever held a full-time job.

And lately all I can find is part-time work.

But I must say that part-time work is exciting, enthralling and every bit as challenging as any of the full-time positions I've had.

Fortunately, when I left the FASB, Sandy Burton, a frequent critic of the FASB and then dean of the Graduate School of Business at Columbia, came to my rescue.

He offered me a teaching position and assured me that I had a bright future by telling me that those that cannot do, teach, and those that cannot teach, dean.

So he assured me I would go on for many years before my shortcomings would be uncovered.

Now, if you believe that adage, I must have been a good teacher for I never became a dean.

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2                   The truth is, however, I learned  
3 more than I taught, gained great respect for my  
4 colleagues in academia, and now to continue to enjoy  
5 the fellowship of my Columbia associates and the  
6 interactions with students while free from the need to  
7 prepare and grade examinations.

8                   I have benefitted immensely from my  
9 various associations with the profession and the  
10 opportunities it has given me.

11                   I look forward to many more years of  
12 serving the profession, to help ensure that we do not  
13 forget our special public responsibility and that we  
14 retain the public's confidence in our integrity,  
15 objectivity and independence.

16                   I am indeed grateful for this  
17 recognition and am pleased that it's taking place at  
18 the Annual Meeting of the AICPA.

19                   Thank you, Dan, thank you, Paul, and  
20 thank you to the electors of the Accounting Hall of  
21 Fame for this recognition.

22                   Thank you.

23                   (Applause.)

24                   MR. PAUL KOLTON: Before we allow  
25 Don off the stage, I want to share with members of the

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Council the language of the citation which I think captures his contributions.

"This newest member of the Accounting Hall of Fame was born to a father who emigrated from Scotland at the age of nineteen to become a self-educated CPA, and a mother born in Cleveland of parents who emigrated from Latvia.

"He put most of his teenage energies into athletics, culminated in being captain of the "Shaker Heights, Ohio, High School football, basketball and golf teams.

"Encouraged by his father to pursue a Liberal Arts education, he enrolled at Yale.

"During his freshman year injuries and what he describes as limited skills quickly ended his collegiate athletic career. Youthful indecision about a course of study, coupled with a desire for independence, caused him to leave Yale for the Naval Aviation Cadet Program in 1953 at the end of his sophomore year.

"Eighteen months later, he received his wings and commission and was assigned to an aircraft carrier based squadron.

"During the long stint at sea he

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restarted his education by taking a correspondence course in introductory accounting offered by the University of Maryland.

"He discovered that he preferred working accounting problems to playing gin rummy in the pilots ready room.

"In 1957, he returned to Yale determined to be a history major. He also decided to take the two accounting courses offered by the Economics Department. The first was taught by a professor who was a practicing CPA for whom he worked several afternoons a week. The second was taught by a professor who was recognized as one of the leading accounting scholars of the time.

"The last two years at school were paid for with money from the GI Bill and part-time work and with money earned and rent saved by living on the third floor -- please listen carefully -- the third floor of a funeral room for which he answered night-time calls from distraught friends and relatives of the deceased or from pranksters.

"I learned diplomacy from that job," he said, "and there was a bar just around the corner that did a booming business on the nights of

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Irish wakes. So I learned to prefer Irish wakes over Italian wakes.'

"In 1959, he was graduated from Yale with a major in history but he interviewed only public accounting firms.

"He started his professional career with Price Waterhouse in 1959. In 1961, he completed a MBA degree at New York University. And in 1963 he became a CPA in the State of New York.

"After only eight years at Price Waterhouse, he was promoted to partner in 1967.

"The Financial Accounting Foundation appointed him as one of the first seven members of the FASB when it was formed in 1973. And at the end of 1977, when the original chairman of the board retired, the Foundation named him chairman.

"He served as chairman for the next nine years, which together with his earlier service was as long as the bylaws allowed.

"During his chairmanship he guided the board through the transition from the closed and confidential meetings to which board members had been accustomed to open and public meetings.

"Observers of these sessions

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2 invariably remarked at his impressive mastery of the  
3 issues, no matter how complex, and his consummate  
4 skill in keeping the conduct of a board meeting under  
5 control no matter how strongly board members presented  
6 their conflicting views.

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"From the board's earliest days, he  
8 was recognized as a leader in addressing complex  
9 accounting issues, not always winning agreement among  
10 his colleagues, but always an intellectual force to be  
11 reckoned with.

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"Further, the added responsibilities  
13 of chairman did not diminish that leadership. His  
14 intellectual capability, personal integrity, poise and  
15 self-confidence, his dedication to the board and its  
16 mission, his effectiveness as a spokesman and his  
17 remarkable capacity for work commanded the utmost  
18 respect of all who worked with him even though they  
19 may have strongly disagreed with his positions or the  
20 board's decision.

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"Despite the extraordinary demands  
22 of leading an organization that faced controversy and  
23 criticism at every turn, somehow he found the time and  
24 energy to serve his hometown of Greenwich, Connecticut  
25 for twelve years as an elected member of its Board of

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Estimate and Taxation.

"Strongly committed to public service, he continues to give time and energy to both professional and community organizations.

"In 1987, he became Professor of Accounting at Columbia University's School of Business serving in that capacity until 1995 when he became Executive in Residence at the school.

"He is, as we've noted, a member of the Public Oversight Board, governor of the National Association of Securities Dealers, chairman of the National Arts Stabilization Fund and chairman-elect of the Greenwich Hospital Association.

"In addition, he serves as a director and audit committee chairman for several large corporations.

"He has published some forty articles in professional and academic journals and has served as a contributing editor for Accounting Horizons.

"In addition, he has frequently testified before the Congress and government agencies on matters related to accounting reporting and regulation.



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"He holds many honors for

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distinguished service, particularly the AICPA's Gold

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Medal and a honorary doctorate from Lycoming College.

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"Don resides in Greenwich,

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Connecticut, near his children and granddaughter, who

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are all very much part of his life.

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"He is not only the fifty-eighth

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member of the Accounting Hall of Fame, he is a giant

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of our time."

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(Applause.)

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CHAIRMAN COHEN: Thank you, Paul.

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Congratulations to Don. I think I

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have a certificate here for you, Don.

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We are winding down towards the

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conclusion of our meeting.

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And I know we skipped the

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opportunity for an open forum yesterday.

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So at this point the floor is open

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to hear any concerns, suggestions, issues that you

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would like to bring to the floor.

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Yes.

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COUNCIL MEMBER ADELE BOLSON: Is

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this on?

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CHAIRMAN COHEN: Yes.

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COUNCIL MEMBER ADELE BOLSON: I'm Adele Bolson, a Member of the Council from Washington State.

In Washington we have some members who feel very passionately about the issue of the ABV designation and are anxiously awaiting to hear the results.

And I am feeling rather uncomfortable that, although I can report to these members the decision that was made, I can't tell them the results of the vote itself.

And although, Mr. Cohen, I have to agree with you that the vote was not close, I don't know whether the "ayes" represented sixty or seventy-five or ninety percent of the total.

Imagine how we would feel if after our uncoming national election we were told who won each race but not the voting results.

I think we all might feel a lesser confidence in the process or perhaps even feel estranged from our political process all together.

Until recently it would simply be much too time-consuming to count every vote and I'm sure that that's why parliamentary procedure says we

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use voice votes except in close decisions and that's when a count is taken.

But now that technology enables us to quickly and accurately count votes in large assemblies such as this one and such as we've done in our last two Council meetings with respect to giving our input on various issues, I want to strongly request that at all of our future Council meetings we use those devices to count votes on all contentious matters that come before Council so that we can be more accountable to our members.

And I think that this would be another step in the direction that the Institute has taken in the last year to try to address the member estrangement that has been a problem with the Institute in the past.

Thank you.

CHAIRMAN COHEN: Thank you.

Yes, Jim.

COUNCIL MEMBER JIM MARTIN: I'm Jim Martin from Georgia. And I thought you would be interested to know how the tag decal program was going along.

(Laughter.)

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CHAIRMAN COHEN: Thank God. I thought you had something good to sell.

(Laughter.)

COUNCIL MEMBER JIM MARTIN: I've had a lot of questions from Council Members about that program.

If you recall, we in Georgia started that to try and promote along with the Institute and the State Societies the image program that the Institute has so effectively put into place.

I would like to report to you that we've gotten orders from every state in the United States, Puerto Rico, and as far as we've gotten some from Malaysia and particularly Japan.

So I just felt that they wanted to thank the Institute for publicizing this twice in The CPA Newsletter, and several State Societies have published it.

And we would appreciate all of the support that they can give us in the future.

And we thank you so much for allowing us to participate in this program.

CHAIRMAN COHEN: Thank you, Jim.

They can certainly fit into our

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image campaign.

Any other comments from the floor?

(No response.)

CHAIRMAN COHEN: Again, we apologize for not having an open forum yesterday, but we certainly have time to address any questions or issues or concerns that any of you have for today.

(No response.)

CHAIRMAN COHEN: Well, if not, this concludes our Annual Members Meeting.

We are continually seeking your input regarding improvement of the meeting format. I hope on the comment sheet that you will let us know what you think of the meeting or how we can improve any future meetings of Council.

We certainly want to be responsive to your wishes and your comments certainly on the forms will help us.

And, finally, I want to thank all of you again for the dedication to the profession and for what we together have accomplished during the past year.

I'm sure that the cooperation and support that you have given me over the past year will

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extend into the next year to our new chairman, Bob  
Mednick.

And I look forward at least for one  
more year of serving on the Board with Bob and I am  
looking forward to serving on Council with all of you.

Thank you very much for your  
patience for this long meeting.

And I hope to see you all tonight at  
the dinner dance here in the hotel.

The meeting is adjourned.

Thank you.

(At 4:10 o'clock p.m. the  
proceedings were concluded.)


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STATE OF NEW YORK )  
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COUNTY OF NEW YORK )

I, ROY A. SELENSKE, a Certified Shorthand  
(Stenotype) Reporter and Notary Public within  
and for the State of New York, do hereby certify  
that the foregoing pages 1 through 77 taken at  
the time and place aforesaid, is a true and  
correct transcription of my shorthand notes.

IN WITNESS WHEREOF, I have hereunto set my  
name this 7th day of November, 1996.

  
ROY A. SELENSKE, C.S.R.

\* \* \*