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American Institute of Accountants: Report of the President

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American Institute of Accountants

REPORT OF THE PRESIDENT

It is the privilege and the duty of the president of the Institute at the opening of each annual meeting to address the members and to render to them an account of his stewardship during the year that has closed. I now welcome you back to the capital city of the nation and to this annual gathering, and I express the hope that our deliberations may bear much fruit for the advancement of our nation, our chosen profession, and our society. We have many important matters to consider, and we can not hope, nor would it be profitable to expect, entire unanimity of opinion—but by the exchange of ideas and a sympathetic consideration of each other's points of view, we can confidently, I believe, look forward to a useful sojourning together. We shall not lack either, during this convention, those lighter refreshments of mind and body which we have become accustomed to expect, and we shall in due course return to our homes rejoiced by the renewal of former friendships and encouraged by the new friendships which always result from these meetings.

The reports of the executive and other standing committees, of the secretary, and of the treasurer, which will be submitted to you, will contain, according to custom, the more exact information of the year's proceedings to which you are entitled, and I refer you to them for details. They will be supplemented by some special reports also, to which your attention will be directed. My mission in addressing you is on the one hand of a general character, as relates to the past, and, on the other hand, to emphasize, if I may, what, in now surrendering the high office which you have permitted me to fill, I conceive to be the matters deserving your special thought at the present time.

The Institute, during the past year, has enjoyed, I believe, a continued but quiet progress. There has been a steady functioning of the activities previously established, for the firm and

broad foundations of which the credit is due to former administrations.

It may not be inappropriate for me, however, to refer very briefly to some of the more outstanding matters of the year's history:

The membership has continued to increase in about the usual proportion, without any extraordinary effort on the part of the administration, and now stands at 2,009, of whom 1,600 are members and 409 are associates. During the year we have lost by death fourteen members and associates including one former president of the American Association of Public Accountants, our loyal friend, Edward L. Suffern, whose loss we mourn, but for whose untiring and unselfish labors in the interests of our profession, and of humanity at large, we feel we may amply rejoice. You will be asked to authorize a vote of condolence to his family on their bereavement.

Our organization does not embrace all the accountants whom we should like to welcome to membership, and it behooves the present members to take steps, whenever opportunity occurs, to invite their professional friends, non-members, who are qualified to become affiliated with us. I would in this connection again draw your attention to the liberality of our requirements for membership, particularly as regards certified public accountants, who are not called upon, as is so frequently believed, to submit to further practical examinations, provided their record shows that they have already passed tests which satisfy our board of examiners. This also leads to a word on the subject of reciprocity between our own organization and other similar societies, and, what is perhaps even more important, between the boards of examiners of the various states. We have ourselves largely met the question as I have indicated by admitting to membership in the Institute all who, being otherwise eligible, have passed tests which are equivalent, in the judgment of our board of examiners, to those imposed by ourselves. The matter of reciprocity between states in the granting of certified public accountants' certificates has never been uniformly satisfactory, and any influence which we as an organization, or our members individually, can exercise to bring about a more satisfactory condition should be directed to this end.

It is a matter of satisfaction to record that several most successful regional meetings have been held during the year, some

of which your president has been privileged to attend. The more one has the opportunity of taking part in these meetings, at which fortunately the time need not be devoted to business, but is almost entirely given over to the reading of technical papers and discussions and to opportunities for fraternizing, the more does one appreciate what an important function they perform. To those who have not attended any such meetings in the past, I urge that they make arrangements to do so in future, and I venture to prophesy that if they only make a beginning they will acquire the habit. There have not been many meetings in the far west, however, and, while I recognize the difficulty of organizing them in those regions where the distances are great, I should rejoice to see more activity in this direction in these regions. In this connection progress can also be reported in the studies for division of the country into districts, to the end, ultimately, of comprehensively covering the whole United States. There is something to be said, however, for the somewhat loose organization under which regional meetings have been developed, and I suggest caution against the introduction of any too elaborate organization for these meetings.

Akin to this is the development of chapter activities, but with regard to this I can not help expressing the personal conviction which I have always held, that we ought to avoid any possibility of clashing with state societies. In all our chapter activities, we should coöperate to the largest extent with state societies and in every way possible avoid duplication of effort.

This leads to a reference to our relations with the American Society of Certified Public Accountants, with whose representative a committee of the Institute met during the year, to discuss matters of mutual interest. The question even of amalgamation was discussed, but while this was not considered feasible, the principle of coöperation was, I am glad to say, cordially accepted by both committees, which I hope may bear much fruit.

The committee on state legislation has continued to do a vast amount of quiet and unobtrusive, but none the less valuable, service at several points throughout the country. One service, instituted this year, which is regarded as most valuable, has been to have the offices of the Institute regularly advised of legislative activities in C. P. A. matters throughout the country, which has enabled the chairman of our state legislative committee and the secretary to give timely notice to local members.

The bureau of public affairs has continued the very valuable activities which were inaugurated during the previous year, and the Institute and the profession at large owe a lasting debt to the gentlemen who have conducted its affairs during this formative period. The work this year has assumed more of the nature of the natural development following upon the special bulletins issued during the previous year, which gave rise to a vast correspondence. One bulletin devoted primarily to the subject of credit frauds was issued during the year, the publication being almost coincident with the inauguration of the campaign launched by the National Association of Credit Men to combat this evil, and it elicited much favorable comment, being generally looked upon as one of the most valuable contributions for information on the subject. The bureau has also developed its plans for the stimulation of public service amongst the members, with visibly increasing results, and our members and public accountants generally are more and more taking their part in public affairs.

The committee on federal legislation, in conjunction with the bureau, is now making preparations to contribute its share to the development of the approaching amendments to the federal taxation laws, giving attention, as is proper, more particularly for a professional body such as our own, to the administrative side of the problem.

These activities, however, can not be conducted without expense, and the members are accordingly reminded that this valuable work has been financed very largely in the past by special contributions made by a comparatively limited section of our membership. One of the important matters which will now engage our attention will be the development of adequate financial plans for the continuation of this important work, if it is the desire of the organization that it should be continued, and while the majority of our practising members, judging from the results of the questionnaire on this subject issued by the executive committee, are enthusiastically in favor of the continuation of the work, the indications with regard to its financing are not so satisfactory. The problem is a real and difficult one, however, and must be faced with resolution. Whatever is decided, the obligation of raising the necessary finances must be removed from the committee itself, the members of which are entitled to be given whole-hearted support and relief from this responsibility, so that they may be enabled to devote all the time

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which they can spare from their other duties to the actual bureau activities.

The work of an organization such as ours is never completed; new subjects for study and action continually arise and are always in process. We have still under consideration, for instance, the matter of codification of annual statements under state corporation laws and the question of insurance of accountants against error in their reports.

You will be asked to give consideration to certain proposed amendments to the constitution and by-laws. These include a proposal to restrict membership in future to certified public accountants. I am not sure whether any discussion of this subject is entirely appropriate in this address, but I am going to take the liberty of expressing my personal opinion. Just as this organization has at all times been, so am I in the most whole-hearted spirit in favor of everything which will add to the dignity and importance of the C. P. A. by wise and reasonable legislation throughout these United States. In the face, however, of possible legislation of an imprudent character, to which the many state legislatures throw us open and which unfortunately has not been entirely absent, and, even more, in view of the fundamental principles on which the Institute was organized, expressed in the report of the special committee on form of organization (see *Year Book*, 1916), I doubt the wisdom of restricting our membership in the manner proposed. If I could see any advantage accruing thereby to our profession I would not so express myself, but I have thought long and earnestly on the subject and as I see the situation at present I am forced to this conviction. I do think, however, and I commend this to the consideration of the board of examiners, that the time has perhaps now come when oral examinations may with propriety be discontinued, except as a supplement in some cases to the regular written examinations, and in other special cases, where deemed desirable, of candidates who have already been granted C. P. A. certificates or who are members of other societies of equal standing.

In concluding, may I once again remind you of what we as a body have endeavored to accomplish. In our own field and way, as a body of patriotic citizens, we have endeavored to foster our profession. This leads to the question, What is a profession? In Julius Henry Cohen's *The Law, Business or Profes-*

sion you will find the following—itself a quotation from another writer:

“A profession . . . is not merely a group which is organized exclusively for the economic protection of its members, though this is normally among its purposes. It is a body of men who carry on their work in accordance with rules designed to enforce certain standards both for the better protection of its members and for the better service of the public. . . . The essence of these rules [is] that it assumes certain responsibilities for the competence of its members or the quality of its wares, and that it deliberately prohibits certain kinds of conduct on the ground that though they may be profitable to the individual they are calculated to bring into disrepute the organization to which he belongs. . . .”

He adds that the profession emphasizes as its

“criterion of success the end for which the profession, whatever it may be, is carried on, subordinating the inclination, appetites and ambitions of individuals to the rules of an organization which has as its object to promote the performance of function.”

Elsewhere Mr. Cohen points out the following in elaborating upon the professional ideal:

“Wherever the fiduciary relationship exists, wherever trust and confidence are reposed in a professional man and unbiased judgment is required, any interest which tends to divert his attention from unbiased devotion to the cause put in his charge is deleterious and deserving condemnation as unprofessional. Advertising, soliciting, splitting of fees or receiving outside compensation are but illustrative of the diverting influences against which the professions must be on guard.”

I could quote further, but time does not permit. I believe, however, that our organization has conscientiously endeavored to approach the highest standards and that it has been measurably successful. And this success is something which belongs to its members, no matter where they may be, east or west, north or south, and as such properly redounds to their credit. I have faith therefore in our organization and look forward to its increased usefulness, both for the public and for its members, provided only its members all over the country give it the support and interest to which it is entitled. Let us here and now make a mental promise to ourselves and to each other that each will

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do his part. The association is democratic in its organization and there will be no lack of opportunity for service either within the actual limits of organization activities or in the broader fields of public service.

I would not sit down without adding my testimony to the continued loyalty and unselfish devotion to the interests of your organization on the part of the secretary and his associates. Some of you may have a limited conception of the labors and anxieties which are theirs, but it is only your officers who have been in continued relationship with them who can realize what the organization owes to them. They have at all times cheerfully met our demands and these have not, perhaps, always been entirely reasonable. Much, if not the greater part, of our success is due to them and they ought to have our thanks and appreciation which I now gladly tender to them.

I would also, in closing, express my personal thanks and appreciation for the many courtesies and the assistance which have been afforded me during my year's term of office both by members of council and committees and by many of the members at large. They will be a lasting and joyful memory to me in the years which follow.