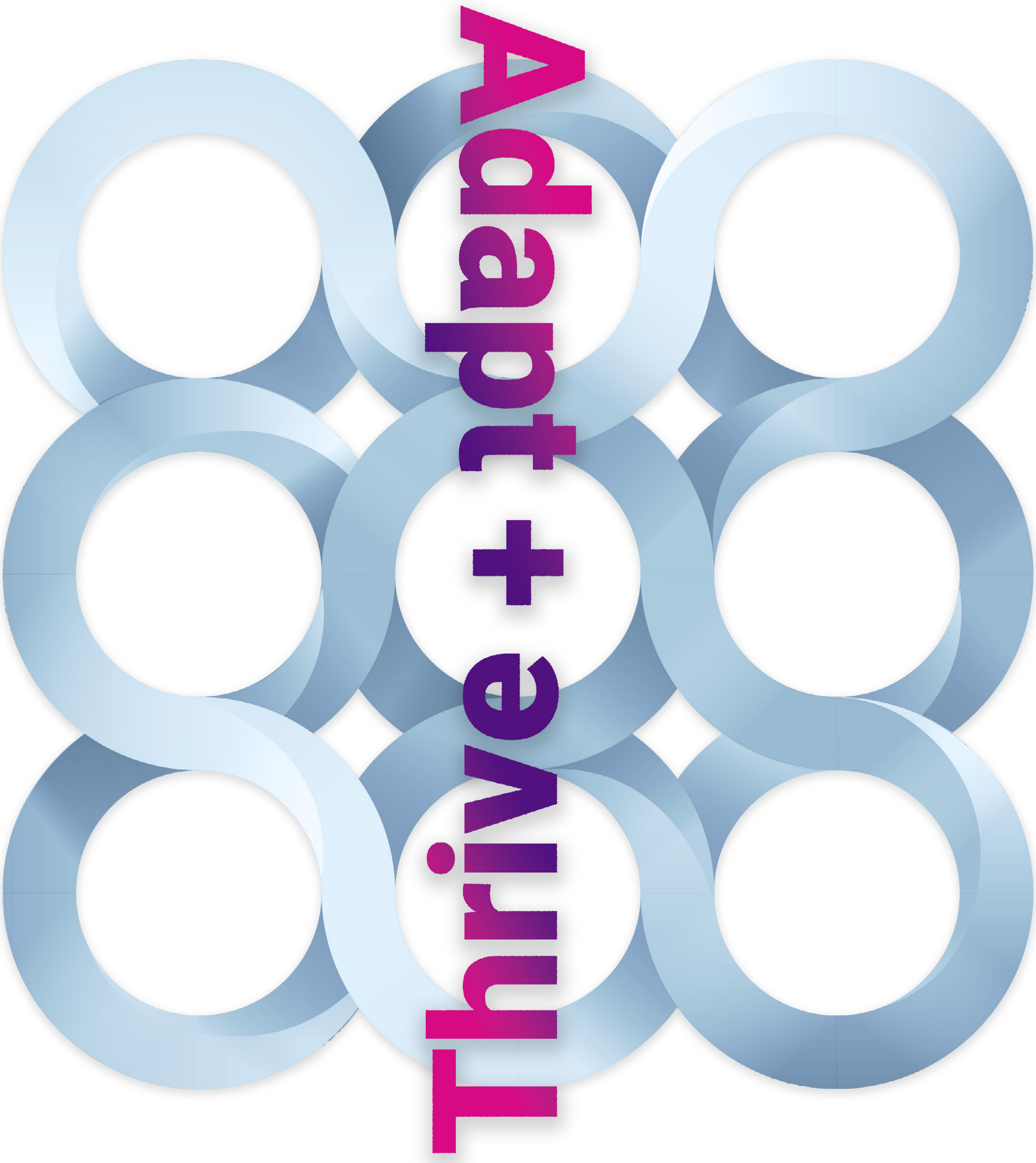
AICPA & CIMA

Together as the Association of International Certified Professional Accountants

Adapt + Thrive



Integrated Report 2022

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Association of International Certified Professional Accountants™

AICPA® & CIMA®

AICPA® & CIMA®

Guiding principles

The Association of International Certified Professional Accountants®

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

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

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

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

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

AICPA®

CIMA®

CPA.com™

aicpa.org

aicpa-cima.com

cgma.org

cimaglobal.com

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

Our vision
To be the most influential body of professional accountants

Our mission
Driving a dynamic accounting profession worldwide

Our purpose
We power trust, opportunity and prosperity

About this report

We are proud to present the 2022 Association Annual Integrated Report. Informed by the International Integrated Reporting Council (IIRC) Integrated Reporting Framework, and leveraging our proprietary CGMA Business Model Framework, this report explains how the Association has created value over the last year; how we have recognized the full range of factors that affect value creation for stakeholders; and what we have done to support integrated thinking and planning. This report is a cooperation among many areas of our organization. It outlines how each layer of our business is creating a future-ready profession and is working tirelessly to power trust, opportunity, and prosperity for those we serve — today, tomorrow, and beyond.

Audit and Finance Committee oversight

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

Anoop Natwar Mehta
CPA, CGMA

Melanie Janine Kanaka
FCMA, CGMA

Barry Melancon
CPA, CGMA

Letter from leadership

The world turned a corner in 2022.

As we began emerging from the major disruptions of the pandemic, we entered a new post-crisis environment. However, for all our progress, this year was not without disruption.

CPAs and CGMA designation holders used the agility honed during the height of the pandemic to anticipate challenges and adapt to change. Challenges included maintaining the highest quality in remote audits; forecasting and budgeting for an unknowable future; developing services to help businesses thrive; and advancing faster in circumstances that try to slow us down.

Progress was put to the test with the Russia-Ukraine war, and many countries around the world faced economic, political, and human challenges. Accounting and finance professionals were again asked to lead through disruption, which included inflation, economic turbulence, supply chain issues, and a rapid expansion of energy costs that hit communities, countries, and continents.

Like it always has, our profession stepped forward.

Our members and the accounting and finance profession rose to those challenges, committed to rapid responses to the marketplace, and continued to embrace innovation, agility, and continuous reinvention, remaining invested in the digital world and technological advances to drive better decision-making. They've undertaken a data-driven approach to identify trends in audit quality and address those trends through targeted action. As accounting and tax advisers, they continue to help clients at a time of economic stress. Firms and businesses evolved their services and business models to drive value for clients and customers. The finance function is shifting from a supporting role to leading organizational strategy by strengthening internal partnerships and continuing to leverage technology to drive quality and value throughout the organization. Management accountants demonstrated their expertise to manage financial and nonfinancial risks and seize opportunities, navigating economic uncertainty and rapid inflation, and focused on cost leadership as a core activity. As cyber threats rise globally, the profession bolstered efforts to provide strong cyber risk management and assurance services. During a time of extreme crisis, CPAs and CGMA designation holders continued to provide a steady hand and prove their worth.

And so did we.

The lessons learned during the pandemic allowed the Association to continue providing excellent support in the face of global upheaval. As disruption became the norm in global business, we helped our members, candidates, and engaged professionals so they could continue doing what they do best — driving trust, opportunity, and prosperity.

We advocated on the profession's behalf in centers of government and with policy makers, playing a key role in legislation and regulation that bolsters the profession and our commitment to serve the public interest.

The Association became an even stronger voice in environmental, social, and governance (ESG) matters, advocating for rational and consistent ESG standards and reporting frameworks. We know that our world is more aware of how societal concerns and the natural environment interacts with the business environment. And our profession must respond, engage, and lead.

We also remained committed to helping CPAs and CGMA designation holders upskill and reskill through on-demand continuing education and webcasts, such as the award-winning Town Hall series. We further expanded our premier ENGAGE conferences into additional markets, reaching nearly 5,000 people worldwide. To help the profession understand the business impact of the Russia-Ukraine war, we created free resource centers for members, students, and the profession at large.

The Association has a vision to bring the profession to more young people. Because we know they are the profession's future.

Our professional designations open doors. The CPA and CGMA designation have proven to be invaluable tools for mobility and professional success around the globe.

That's why we continue to be laser-focused on the talent pipeline. We made great strides evolving the CPA Exam. We launched a new CPA Exam Blueprint, ensuring that technology is a key defined competency of the profession and paving the way for the updated CPA Exam launch in 2024.

We are also well on our way toward making the CGMA designation the gold standard for management accounting. In 2022, we expanded designation pathways from the Americas to Zimbabwe through the CGMA Finance Leadership Program and the new U.S. Registered Apprenticeship for Finance Business Partners.

This year will see us expand our promotional pipeline efforts, demonstrating that accounting and finance is an exciting, fulfilling, and purposeful profession.

2022 also taught us some hard lessons.

We know we need to continue to challenge ourselves to deliver even more valuable resources, support, and services to our members and students. We have set high standards for our operations and must continue to reach for that high bar. Our digital platforms, communications vehicles, and in-person experiences need to reach even higher expectation levels to respond to members' needs and drive value for them. Our candidates and students need ongoing support to reach their ambitions and sustain our much-needed profession. Our partnerships with other organizations, governments, and communities must remain strong to provide a unified front in solving the world's problems in which our profession plays a critical role. We will remain committed to always calling upon ourselves to continue to evolve.

Nonetheless, 2022 was a year of innovation and nimbleness. Our profession continued to adapt and thrive while upholding the highest professional ethical standards and, most importantly, delivering trust. We have set lofty goals for the years to come, and these will require great leaders. We see no lack of those in our membership.

The accounting and finance profession is full of leaders who are determined to ensure the success of the profession through uncertainty and hardships; who will mentor and inspire the next generation, investing in the legacy of our profession; and who will drive quality, trust, and opportunity while meeting the public interest.

Through the efforts of individual members and the Association, we are committed to learn, unlearn, and relearn as we enable and advance a profession of problem solvers and trusted professionals the world looks to in uncertain times.

Together, we are stronger.

Anoop Natwar Mehta
CPA, CGMA
Chair, Association of International Certified Professional Accountants
Chair, American Institute of CPAs

Melanie Janine Kanaka
FCMA, CGMA
Co-Chair – Association of International Certified Professional Accountants
President, The Chartered Institute of Management Accountants

Barry C. Melancon
CPA, CGMA
CEO, Association of International Certified Professional Accountants
President & CEO, American Institute of CPAs

Top accomplishments in 2022

In 2022, the Association continued to make progress and deliver value to members, candidates, and engaged professionals, while maintaining our commitment to serve the public interest.

Raised the voice of the profession worldwide

- Successfully advocated for the suspension of automated notices by the U.S. Internal Revenue Service; statutory auditors to be eligible to undertake the new assurance sustainability reporting requirements in the E.U.; and engaged the U.K. government to address corporate governance, productivity and skills, reporting, and audit reform proposals.

Reinvigorated the pipeline of future professionals

- Accelerated profession-wide discussions and began implementing a plan to deliver positive impact on the CPA talent pipeline. Introduced the CGMA Financial Leadership Program (FLP) — which allows our students to earn the CGMA designation completely online — to the U.K. market, and finalized the CPA Exam Blueprint to prepare for going live with a new CPA Exam syllabus in 2024.

Furthered a "learn, unlearn, relearn" culture profession-wide

- Completed our learning management system (LMS) rollout to firms and corporations to support the upskilling and reskilling of the profession. Provided the latest news and updates on pressing issues facing the accounting profession in a biweekly Town Hall series, engaging 250,000 participants. This will be expanded globally in 2023.

Became a go-to source for ESG guidance and education

- Brought to market our Fundamentals of ESG Certificate and agreed to codesign and codevelop a joint executive management program with the University of Oxford's Saïd Business School on sustainability and accountancy.

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Launched the first phase of our reimagined member experience

- Went live with our new online membership and community's platform for AICPA members and prepared to roll out to CIMA members in 2023.

Accelerated a tech-minded profession

- Through CPA.com and our partner Caseware International, released the second instance of our Dynamic Audit Solution (DAS), a transformative, tech-enabled audit methodology application that modernizes and enhances the quality, efficiency, and value of financial statement audits.

Responded to the global economic crises

- Launched a resource center to provide members and students with up-to-date information, guidance, tools, webcasts, and resources following the Russian invasion of Ukraine, and suspended indefinitely the sale and delivery of Association services to Russia and Belarus.

Maintained trust and put public interest front and center

- Launched the Purpose in Action program to promote the core values of the profession and through the Center for Plain English Accounting, advised member firms on financial reporting and auditing issues related to the new lease standard, audits of employee benefit plans, and peer review findings.


Recognized for advancing the profession

- Awarded Professional Body of the Year by International Accounting Bulletin in recognition of the work it has undertaken in the areas of ESG, education, and promoting the profession globally.

Received certification as a Great Place To Work®

- Independently verified, the Association offers great employee experience and workplace culture.

Strategy and 2022 performance

To pursue our mission, we identified **eight strategic objectives** to help the **profession adapt and thrive**.

This section provides an update on how we performed against our strategic objectives and their underlying strategic key actions in 2022.

Drive global policy and build reputation

We are representing the profession and the value it delivers to the public interest by working with policymakers, regulators, and governments worldwide. Delivered through efforts of our local staff and volunteer leaders, we have focused on serving the public interest and supporting resilient economies.

In the United States

- Responded to over 200 bills in 25 jurisdictions with potential negative impact on the CPA license during the 2022 state sessions.
- Advanced efforts to **modernize the IRS**, including proposals to improve cybersecurity and taxpayer identity protection and consolidate existing tax practitioner services into a Practitioner Services Division.
- Advocated for legislation to ease burden on **taxpayers filing** in areas of a natural disaster, ultimately introduced to the House (H.R. 3574) and Senate (S. 2748).
- **Paused IRS notices.** Secured congressional sponsors for two communications to Treasury and IRS in 2022 on tax filing season issues and recommendations signed by more than 200 lawmakers, resulting in Treasury's decision to pause many automated notices, including collection activities, to taxpayers.
- **Tax penalty relief.** Leveraging congressional legislation (H.R. 5155, the Taxpayer Penalty Protection Act of 2021), and congressional letters, successfully advocated in 2022 for the IRS to provide COVID-19–related penalty relief for late filers.
- Advocated for a delay in the implementation of the lowered **1099-K threshold** to $600. Within one week of the comment letter, the IRS announced a one-year delay in the implementation of the $600 threshold for 1099-Ks.
- Supported **single audit** via advocacy work with federal agencies to help ensure that federal audit guidance was in conformity with professional auditing standards.

In the United Kingdom and the European Union

We use our voice to help shape and inform business and economic policy, as well as regulatory reforms affecting our members in practice and business or important to the global profession.

- Successfully encouraged the U.K. government to turn its future focus to **productivity, apprenticeships, and skills**, and called for detailed economic and fiscal policy reforms.
- Convened with the Head of the E.U. Commission Policy Unit to share insights into the development of the **E.U. sustainability reporting** proposals, including assurance, and the upcoming review of corporate governance. Successfully advocated for statutory auditors to be eligible to undertake the new assurance sustainability reporting requirements in the E.U.
- Represented the profession on the Financial Reporting Council's Stakeholder Insight Group and engaged with **permanent representatives** for key E.U. member states and members of the European Parliament.
- Contributed to the **Corporate Resilience Network Task Force**, which is exploring collective learning for business and auditors in the future.

In other markets and regions

We continue to advocate to advance the profession and build resilient economies.

- Advocated for progress of **corporate governance, reporting, and audit reform** proposals in Africa.
- Engaged with the **Hong Kong** government in advance of its 2022 budget for measures to support the profession's skills in advance of the new Chief Executive's Strategy. These were subsequently adopted.
- Continued to build on our successful advocacy work in **China** and promoted the strength of the CGMA designation through the city recognition program.

Build reputation

We continue to build and promote the reputation of the profession

- As an Association and through our members, we actively engage with schools, universities, employers, standard setters, regulators, policymakers, NGOs, and the media, and we collaborate with other accounting bodies around the world to demonstrate how the profession serves the public interest and delivers value to society.
- Developed ethics resources and content to highlight during Ethics Month.
- Hosted forums and events to advance diversity, equity, and inclusion conversations and address issues within the profession.

Reinvigorate CPA pipeline

We continue to expand efforts to attract and strengthen the quality and volume of students and young professionals interested in accounting, sitting for the CPA Exam, and continued efforts to maintain the integrity and mobility of the CPA designation.

- Issued a **Draft Pipeline Acceleration Plan** that focuses on the root causes of awareness and attractiveness, costs, ease, and flexibility that young adults have told us are barriers to entry into the profession, in an effort to relieve talent shortages in the profession.
- Developed and began implementation of a multipronged strategy to mitigate mobility and licensure risks and advance initiatives that provide relief for talent shortages. Principles of the action plan include preserving current **mobility privileges** that allow CPAs to seamlessly work physically and virtually across state lines and upholds licensure.
- Continued efforts to ensure that the Uniform Accountancy Act — an "evergreen" model licensing law developed to provide **a uniform approach** to regulation of the accounting profession — continues to be adopted in key jurisdictions.
- Moved forward our **CPA Evolution** efforts by evolving what it means to be a CPA and updating the body of knowledge, CPA Exam, and CPA licensure model, including preparation for publishing a final CPA Exam blueprint in January 2023 and a new version of the Uniform CPA Exam in January 2024.
- The Center for Audit Quality (CAQ), an affiliate, launched **Accounting+**, a multiyear national brand awareness campaign and career support platform designed to connect Black and Hispanic/Latino high school and college students to the profession.
- Targeted 8,000 high school teachers on Start Here, Go Places; 2,900 college teachers on **This Way To CPA**; 10,000 individuals via the Extra Credit monthly newsletter; and over 500 educators monthly via our Faculty Hours through our Academic and Student Engagement (ASE) promotion.
- Reached more than 12,000 High School students during **Accounting Opportunities Week**.
- Awarded, through the AICPA Foundation, more than **$1 million in scholarships**, grants, and fellowships to students for the 2022–2023 academic year.
- Expanded the CPA Exam footprint in India.

Grow CGMA globally

We are growing the CGMA professional qualification globally by attracting top talent in key markets through continually evolving the curriculum to meet market needs and creating flexibility in how someone earns the CGMA designation.

- Continued the global rollout of the **CGMA Financial Leadership Program (FLP)**, expanding to include the U.K. The CGMA FLP uses the CGMA syllabus and allows candidates to complete the CGMA qualification online through the use of business simulations to master concepts, continuous testing, and taking the CGMA case study exams.
- Exceeded our target of sign-ups to **England Apprenticeships** and passed an audit by the new regulator that signals market confidence in the quality of our offering, reinforcing our assertion of being a market leader in supporting apprenticeships.

- Launched the **Digital Management Accounting (DMA) Certificate** in collaboration with China International Talent Exchange Foundation (CITEF) to become the leading Management Accounting Professional Qualification in China.
- The **CGMA designation city recognitions** continued in China, and now include Shanghai, Beijing, Guangzhou, Chongqing, Chengdu, Wuhan, Huizhou, and Hainan province.

Advance upskilling and learning solutions

Lifelong learning is essential to keep up with market changes, digital acceleration, and emerging needs for new skills. We are committed to upskilling and reskilling professionals to close skill gaps and aid employability via learning offerings, credentials, and certificates.

- Addressed digital transformation through the release of the **Agile Finance Transformation Certificate Series** in collaboration with Oracle. Introduced new **Digital Mindset Pack** modules for DEI and ESG as part of the core membership proposition for all members and candidates.
- Extended our **thought leadership** and research, partnering with Wharton Business Consulting to produce the white paper *How finance leaders influence the future: Four critical traits for success*; and partnering with the World Business Council for Sustainable Development (WBCSD) to produce the report *Reimagining Performance Management* with the aim of developing a framework of Integrated Performance Management (IPM) fit for 21st-century business challenges.
- Leveraged the value of our **CGMA Syllabus** by creating more than 80 shorter CPE/CPD style courses that individuals can buy one by one, or businesses can purchase in bulk.
- Launched a new **Learning Management System (LMS)** that is competitive with marketplace demands and supports the Association's overall learning strategy. It offers a mobile app, one-click launch for purchased courses, peer-to-peer social collaboration, valuable learning analytics, and a learning library for easy categorization of purchased courses. Transitioned all U.S. state CPA societies to the new LMS and redefined the standards for best-in-class and on-demand learning experiences.

Strengthen quality

We remain focused on guiding the profession to deal with the challenges of an increasingly complex environment through our commitment to promote the profession, protect the public interest, enhance audit quality, and create favorable outcomes for our members and candidates that are consistent with the public interest.

Audit quality: We are fully committed to support audit results that are valued and trusted

- We continue to employ a data-driven approach to identify trends in audit quality and develop the resources and guidance to help auditors navigate emerging challenges such as remote auditing, new and ongoing risk assessment concerns, and single audit implications.
- Published the new authoritative AICPA Guide *Risk Assessment in a Financial Statement Audit* to assist auditors in performing **quality risk assessments**.

- Offered 29 webcasts on topics including fraud, remote auditing, risk assessment, and internal controls.
- Supported practitioners with their continued journey through the new normal of a remote/hybrid landscape and the use of emerging technologies in obtaining audit evidence.
- Produced a variety of resources to continue to evolve **system and organization controls (SOC)** services.
- Provided guidance on **environmental, social, and governance (ESG)** performance and financial reporting measures, including updating the authoritative AICPA Guide *Attestation Engagements on Sustainability Information* (Including Greenhouse Gas Emissions Information and Climate-Related Financial Disclosures) addressing assertion-based examinations and reviews over climate-related disclosures.
- Finalized the **quality management (QM) standards** and produced several communications and learning resources including the QM crosswalk document, a webcast series, conference presentations, virtual roundtables, and a peer review forum.
- Through the Center for Plain English Accounting, advised member firms on financial reporting and auditing issues related to the new lease standard, audits of **employee benefit plans**, and peer review findings in the U.S. market.
- Provided alerts, updates, and new tools to every organization in the Federal Audit Clearinghouse database and made these available to various associations representing recipients of federal funding to share with their members.

Support firm and business transformation

We are supporting firms and employers in evolving their recruiting and talent models, service mix, and digital transformation to take advantage of emerging opportunities.

- Delivered **client advisory services (CAS)** awareness programs. Evolved assurance services such as SOC 2®, SOC for Cybersecurity, SOC for Supply Chain, and sustainability reporting assurance. Hosted the first third-party risk assessment annual conference, which offered content for CPAs on performing SOC services, third-party assessment services, data privacy services, and other risk assessment services.
- With our technology partner, Caseware, and CPA.com, launched version 2 of the **Dynamic Audit Solution (DAS)**, a transformational, tech-enabled platform and audit methodology aimed at modernizing and enhancing the quality, efficiency, and value of audits on which a limited group of CPA firms perform live audits. In summer 2023, version 3 of the solution will launch to the broader membership.
- Actively engaged in shaping **environmental, social, and governance (ESG)** reporting and rulemaking with responses to IFRS Foundation's International Sustainability Standards Board exposure drafts, SEC proposed rules, and the EFRAG Sustainability Reporting Standards Consultation. Provided guidance to members through our sustainability and business series, which explores sustainability, business, and the role of finance professionals. Updated our global benchmarking study, which looks at the rate of sustainability reporting and assurance in conjunction with the International Federation of Accountants (IFAC).
- Hosted the 11th annual Digital CPA Conference, bringing together more than 1,000 future-focused practitioners, innovators, and thought leaders to explore the latest insights, strategies, and technologies to lead the profession forward.
- Expanded the global reach of the .cpa domain to Ireland (it was previously launched in the U.S. and Canada).

Expand Association reach and capabilities

We continue to expand awareness and grow the Association to better serve its many stakeholders by accessing new capabilities, markets, products, and services.

- **Media coverage** reach for the profession by the Association, AICPA, and CIMA generated over 7.5 billion impressions and 4,409 media mentions.
- We served more than 2 million followers on our **social media** platforms.
- **Partnerships** – The Association maintains numerous relationships and partnerships to represent the interests of our members and students and best position the accounting profession for future success.

These include the following:

U.S. state CPA societies. We work collaboratively with all 54 state CPA societies to advance the profession and public interest by partnering on advocacy, ensuring a strong pipeline of future talent, learning and competency development, and other important initiatives.

National Association of State Boards of Accountancy (NASBA). The AICPA and NASBA work closely to develop the guidelines and model regulations for CPA licensure and associated credentialing in the U.S. NASBA assists boards of accountancy with application processing, credential evaluation, exam administration, and score reporting, while the AICPA is responsible for preparing and scoring the Uniform CPA Exam through its Board of Examiners.

Pearson VUE and Prometric. Our relationship with these computer-based testing organizations has helped us expand our reach and grow our offerings. Notably, these platforms enable us to offer students the flexibility of taking exams in-person or remotely online.

Caseware International. We continue to partner with Caseware International, a global provider of audit and analytics software, to create the OnPoint A&A Suite of products and the Dynamic Audit Solution (DAS) to drive efficiency, quality, and value for firms and their clients.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a sponsoring member of COSO, we cooperate to provide the public with frameworks and education on enterprise risk management, internal control, and fraud deterrence.

Firms and global networks. Our partnership with firms of all sizes and global networks enables us to maintain an open line of communication, sharing of ideas, and enhanced innovation between us and our members.

Academia. By partnering with academics and universities around the globe, we empower students to choose learning paths, think strategically, and transform into future leaders of the accounting and finance profession.

American Accounting Association (AAA). We work with AAA as the cosponsors of the Pathways Commission on Accounting Higher Education and continue to work to support faculty and educational needs, including through the transition of CPA Evolution.

Other professional accounting bodies and stakeholder groups. We maintain dozens of relationships with various national and international accounting bodies and organizations, including the IFAC and the Global Accounting Alliance (GAA), to protect the profession and keep it vital and thriving into the future.

Aon. Through Aon, we can provide member insurance benefits for personal and business insurance needs for AICPA members, including life and health coverage, auto and homeowners plans, personal liability, and umbrella insurance.

Creating and providing learning

Wall Street Blockchain Alliance (WSBA). We work with the WSBA to define the impact of blockchain technology on the accounting profession and advance the interests of both the public and profession in this area.

Coursera. Through our partnership with this global leader in online education, we expand our organization's reach to about 35 million learners worldwide by publishing courses on leadership, technical, business, and digital skills.

Accenture. By partnering with Accenture, we are driving new and expanded learning opportunities for the broader accounting and finance profession.

Workday. We partner with Workday to provide accounting and finance professionals with practical guidance and insights into leveraging the latest technology and data to drive planning across the enterprise, connecting workforce, supply chain, and operational planning.

IFRS Foundation. We negotiated the commercial opportunity with the IFRS Foundation to act as a reseller for the Fundamentals of Sustainability Accounting credential and offer this at a discounted price to our students, members, and engaged professionals.

Kaplan. We work with Kaplan to provide learning materials to CGMA students and support the CGMA Finance Leadership Program.

China International Talent Exchange Foundation (CITEF). We work with CITEF to deliver the Digital Management Accountant program, an entry level program for management accountants in China.

Centre of Excellence for Applied Research & Training (CERT), United Arab Emirates
Partnered with CERT to develop a Certificate in UAE Corporate Income Tax based on the requirements of the UAE Federal Tax Authority. The joint certification program aims to train all tax agents operating in the UAE, ensuring they possess the necessary skills and knowledge to effectively manage corporate income tax matters in the region.

Firms, corporates and global networks. Our partnerships with firms of all sizes, corporates and global networks enable us to maintain an open line of communication, sharing of ideas, and enhanced innovation between our members and us.

Optimize membership

We remain dedicated to providing technical insights, resources, networking, volunteer opportunities, and advocacy that promotes the role the profession plays in serving the public interest, serving clients, and amplifying careers.

- Through our new online membership and community's platform, launched bundled products, leading to an increase in the take-up of the **Annual Webcast Pass** and MyCPE Manager.
- Used our Annual **Global Women's Leadership Summit** to raise issues of gender, inclusion, mobility, and accessibility within the profession.
- Moved all AICPA & CIMA magazines to **digital delivery**, allowing members to receive just-in-time content and supporting our sustainability commitments.
- Launched a tiered approach for **AICPA membership subscriptions**, increasing personalization, tangible benefits, and flexibility.
- Continued to focus efforts on various components of **diversity** prevalent in our workforce, through our diversity, equity, and inclusion team, steered by the U.S. National Commission on Diversity and Inclusion (focus on ethnic minorities), the Women's Initiatives Executive Committee, the Young Member/early career Leadership Committee, and the LGBTQ+ Initiatives Committee.

- Collaborated with nearly 1,800 **volunteer members** through specialized groups around the world to help guide the profession.
- Launched **Regional Engagement Groups** to provide strategic input through local volunteer member committees.
- Released the toolkit ***LGBTQ+ Inclusion in Action*** – *How to advance from Idle to Ally to Advocate*
- Led a **peer-to-peer mentoring scheme**, reaching young professionals and candidates in Africa, Europe, and Asia.
- Launched a community of senior finance leaders in the ***Fortune* 1000** focused on evolving the profession within the themes of talent and value creation.
- Developed and released **mental health resources** viewed by 5,500 members, students, and educators and hosted our second CPA & CGMA Academic Champions Global Forum to discuss mental health needs and support for educators and students.

Goals not fully met

As we navigated a challenging macro environment and legislative threats, we needed to continually pivot to best support the profession. This meant deprioritizing and reprioritizing throughout the year. As a result, select key strategic actions were partially met or delayed.

- **Population targets.** We ended the year with a total Association population of 698,000. This was 15,000 below our target of 713,000 for AICPA and CIMA members, CPA Candidates, CGMA students and engaged professionals. At a macro level, our challenges stem from an aging membership body and from pandemic-related fallouts: about 11,500 members retired in 2022, and the number of members who temporarily left the workforce almost doubled. Our pipeline was challenged and declined given economic impact in Asia-Pacific regions, specifically Sri Lanka, which suffered from political and economic crises. Additionally, the geopolitical impact of the Russia-Ukraine war caused us to withdraw from Russia and Belarus. We continue to evaluate our recruitment and retention strategies, and work with our many partners — including universities, state CPA societies, and accounting bodies — to optimize our efforts and drive interest in the accounting and finance profession.
- **CPA pipeline headwinds.** We continue to build out and evaluate many of our recruitment initiatives into the profession; however, CPA pipeline trends remain challenging. With a declining number of U.S. accounting graduates, we continue to see fewer candidates sitting for the CPA Exam, which has led us to fall short of our internal goals for exam sections administered and for revenue. We continue to evaluate marketing and engagement strategies to bolster our pipeline and have launched our Pipeline Acceleration Program to reverse recent trends.
- **Revenue.** Revenue for the year was $23 million below target, but operating results were favorable $2m to target. Lower than expected population results reduced all revenue streams, including exam fees, membership dues, and learning products and solutions. Despite these challenges, we see bright spots for revenue growth as some of our investments — such as Dynamic Audit Solution (DAS), learning solutions for firms and employers, and the CGMA Finance Leadership Program (FLP) — begin to mature and create commercial opportunities.
- **RAVE, our new digital platform, faced challenges.** The Association formally launched its new digital platform for AICPA members on May 30. However, the release had critical issues that required the deployment of additional resources and led to a delayed timing for the 2022–23 dues cycle. We postponed the CIMA release until 2023 to mitigate the overall program risks.

People and culture

At the Association, we want to foster a high-performing, diverse, inclusive, and engaging culture that will enable and operationalize all our initiatives and activities.

Our people are core to what we do, and the tight labor market has intensified competition for top talent. Central to our employee experience is continuous learning so our staff can acquire new skills and adapt to the rapidly changing business environment.

We continue to enhance our support, well-being, and employee value proposition.

- Awarded Great Place To Work® in the U.S., U.K., and Malaysia, with 74% of employees stating that the organization is a great place to work.
- Achieved a Justice Score of 84% in the 2022 Great Places To Work survey, up 3% from 2021. This index includes questions related to fairness regardless of ethnicity, gender, age, or sexual orientation.
- Kicked off a learning engagement campaign in June to raise the profile of development offerings available, and we granted our employees access to our annual ENGAGE events.
- Celebrated World Mental Health Day in October as part of WHO's World Mental Health Day to encourage self-care.
- Continued our implementation of Change Quest® methodology, a science-based model that helps individuals in organizations drive successful change.
- Hosted advancing DEI conversation forums, created a DEI toolkit, and formed a DEI council made up of internal staff volunteers.
- Provided staff training on unconscious bias, HR tools to ensure a diverse group of candidates for talent acquisition, and specific measures to promote female representation at the leadership level.
- Empowered our 60-member Culture Champions' group, made up of employee volunteers, to advocate for required areas of focus from a cultural perspective.

We inform and engage employees on the Association's key initiatives, goals, and changes affecting the organization and the profession through the following:

- Town halls with leadership team
- Monthly e-newsletter
- The intranet
- Webcasts
- Monthly pulse surveys

Sustainability

Our commitment to sustainability and net zero Sustainability

Sustainability is now an integral part of the accounting and finance profession and the Association. The Association made a public commitment in October 2021 to develop a plan to reach net zero greenhouse gas emissions as soon as possible and show our progress against that plan on an annual basis. In addition, we pledged to provide resources to our members, students, and engaged professionals to assist them in their own journey toward a more sustainable planet. This supports our commitment toward the UN's Sustainable Development Goals (SDGs).

Beyond emissions

The Association began implementing sustainability initiatives to increase energy efficiency and reduce waste long before making our 2021 commitment to achieve net zero emissions. As we head into 2023, we will calculate our emissions and expand our assessments into other areas such as other larger Association offices, member-related and non-U.S.-based travel, and our broader supply chain. We are also planning to organize a cross-departmental working group to raise awareness and foster commitment to sustainability throughout the organization and evaluate the viability of carbon offsets.

How the Association is implementing the U.N. sustainability goals

In 2015, all 193 member states of the United Nations adopted the 2030 Agenda for Sustainable Development. The agenda consists of 17 Sustainable Development Goals (SDGs) that put countries on the path toward a prosperous, inclusive, and beneficial future for both humanity and the environment.

To do our part, the Association identified and adopted 7 of the 17 SDGs and their associated targets that align with our own environmental, social, and economic development objectives. The seven SDGs are outlined on the following pages, along with the corresponding actions we took during 2022. We feel the organization and the people it represents can truly make the most positive impact against these goals.

Goal No. 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Grew the number of apprenticeships in England and launched our CGMA apprenticeship pathway in the U.S., promoting access to the profession through non-university pathways. Remained committed to future leaders in the profession through our Leadership Academy, expanding access in 2022 to the Asia-Pacific region. Enhanced and distributed our Transformative Skills pack to help the profession embrace digital transformation, ESG, and DEI. Provided, through the AICPA Foundation, $1 million in AICPA scholarships for college and high school students to pursue accounting and to create a pathway for practicing CPAs to become professors.

Goal No. 5: Achieve gender equality and empower all women and girls.

Advocated for diversity, equity, and inclusion. Our women member volunteers provided mentorships, resources, and guidance. As an employer, we continue to develop a diverse organization. Held our Annual Global Women's Leadership Summit in Miami, Florida. Conducted the 2022 Outstanding Young CPA and Most Powerful Women in Accounting awards. In our Asia-Pacific region, we celebrated the role of women in nation-building as well as in building families and communities while hosting several events around the world to celebrate International Women's Day.

Goal No. 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Enhanced our Business Resilience toolkit to provide additional resources and guidance as economies were hit with high inflation and supply chain issues. Partnered with the World Business Council for Sustainable Development (WBCSD) on the report Reimagining Performance Management. Delivered the 2022 Transformative Skills Pack, a set of exclusive continuing professional development (CPD) content to develop a future-focused mindset, including a focus on sustainability. Enabled finance professionals to lead their organizations' sustainability reporting journeys by providing research, insights, and guidance through the sustainability and business series and launch of the Fundamentals of ESG Certificate.

Goal No. 12: Ensure sustainable consumption and production patterns.

As an enterprise, the Association transitioned all member magazines and publications from print to digital in 2022. We began to measure our emissions in accordance with guidance from the Greenhouse Gas Protocol and appointed our first ESG reporting manager.

Goal No. 13: Take urgent action to combat climate change and its impacts.

Released our inaugural Accounting for Carbon report to help finance professionals build their climate emergency literacy. Funded through the CIMA General Charitable Trust (GCT) academic research program, research undertaken by the RMIT University Melbourne and the University of Tasmania explored how management accountants can contribute to the development of appropriate climate-related scenarios and to better integrate their management accounting expertise into organizational climate change strategy.

Goal No.15: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Signed the Global Accounting Alliance's call to action on nature for the accountancy profession. Issued the *Accounting for Nature* report to help finance professionals build their accounting for nature literacy.

Goal No. 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Played an active role in the formation and launch of the International Sustainability Standards Board (ISSB). Partnered with IFAC on an interim update to the State of Play for ESG Reporting and Assurance benchmarking study based on 2020 reporting. Undertook research with corporations and accounting firms to explore the future needs of the profession, including the competencies and skills needed to embrace ESG. Continue to be an active player and supporter of the Accounting for Sustainability (A4S) Accounting Bodies Network (ABN), the Global Accounting Alliance's (GAA) Sustainability Working Group, and the Green Finance Education Charter (GFEC) signatories.

The United Nations Global Compact

The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to undertake partnerships in support of U.N. goals.

In 2010, CIMA declared its support for the Ten Principles of the UNGC, in the areas of human rights, labor, environment, and anticorruption practices.

In accordance with this commitment, we continue to advance the global compact principles within accountancy and make a clear statement of this to our stakeholders and the public by means of biennial CIMA Communication on Engagement letters. CIMA also takes part in activities of the UNGC where possible, participating in local and national networks, specialized initiatives, and workstreams.

Adherence to ethics

Both AICPA and CIMA maintain strict expectations for conduct among members.

AICPA members are bound by the AICPA Code of Professional Conduct, which requires that they act with integrity, objectivity, due care, and competence; fully disclose any conflicts of interest (and obtain client consent if a conflict exists); maintain client confidentiality; disclose to the client any commission or referral fees; and serve the public interest when providing financial services.

All CIMA members and students are required to comply with the Code of Ethics and apply its fundamental principles to their working lives. They have a duty to observe the highest standards of conduct and integrity and uphold the good standing and reputation of the management accounting profession.

We actively investigate potential violations of our professional standards.

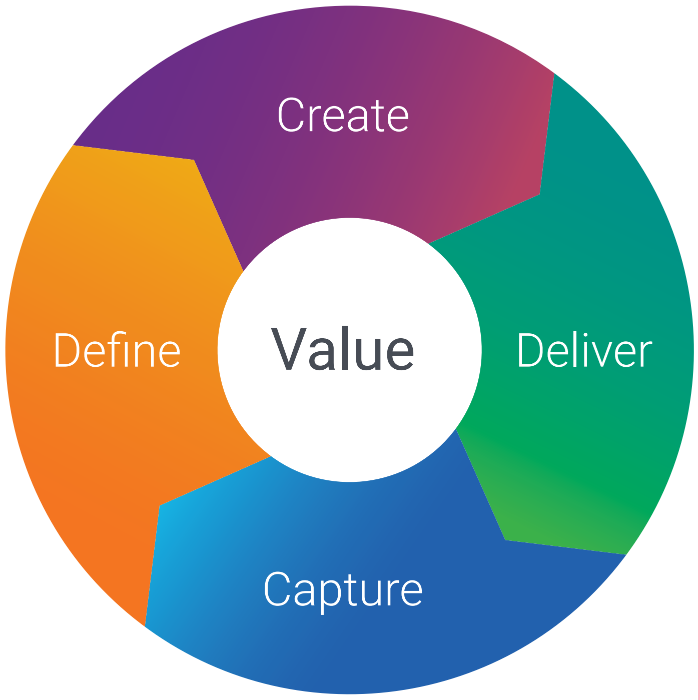
Value creation model

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

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

CGMA Business Model Framework

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

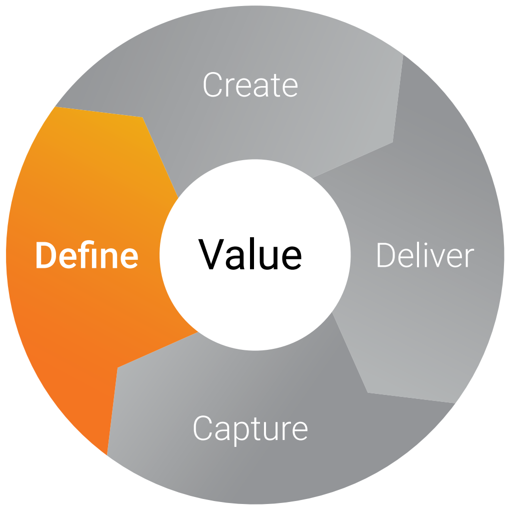


Defined
by members and other stakeholders.

Created
by harnessing key resources and relationships.

Delivered
to ever-more demanding and sophisticated individuals.

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



Define

For whom and with whom do we create value?

We create value for multiple stakeholders

- Trust in the global capital markets
- Power the success of business
- Financial literacy

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

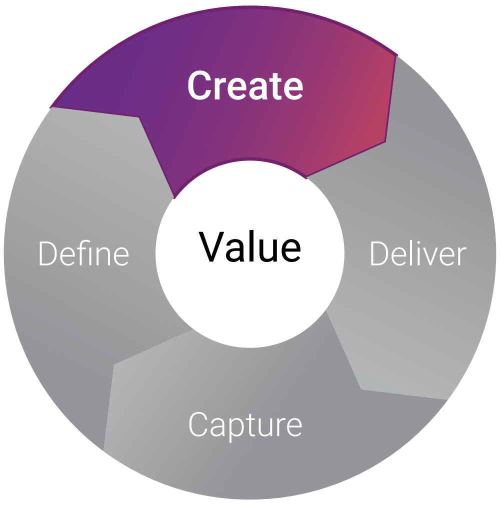
- Prepare for the digital future
- Consistency in talent and skills
- Learning, tools and workflow

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

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

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

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

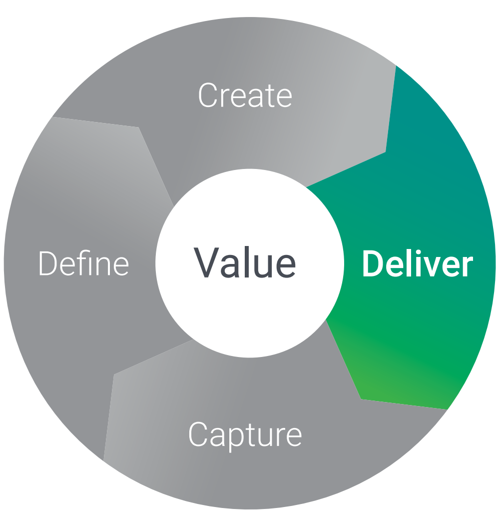


Create

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

We create value by:

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

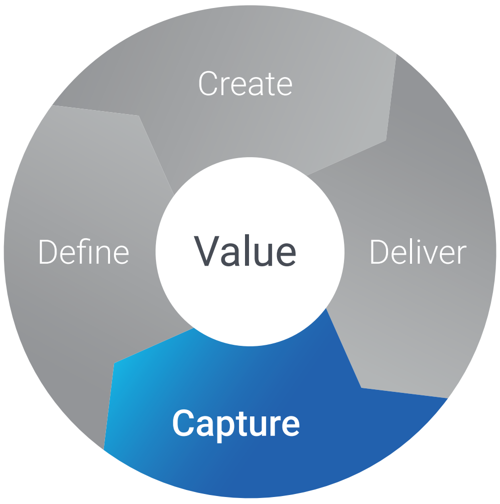


Deliver

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

We deliver value effectively and efficiently by:

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



Capture

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

We capture value by:

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

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

External business environment

In 2022, the COVID-19 pandemic continued to bring uncertainty to every sector. The pandemic accelerated the following six critical trends, and we are carefully monitoring their implications and opportunities.

Rapid digitization of business models and services

The pandemic reshaped the ways of working, propelling the transition to hybrid models that became the new normal. Employers embraced the new ways of working, some even moving to an altogether remote work environment.

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

Technology is a critical component of the business and workforce in accounting and finance. Today's essentials are artificial intelligence, advanced data analytics, automation, blockchain, cloud, and cybersecurity. Ultimately, however, people are the key element to successful business adoption of technology.

Implications

- Rapid digitization of business models and services led to early deployment of programs and services that then fell short of expectations.
- Companies have put forth temporary solutions to meet the new demands.
- Technology is outpacing talent, leading to a skills gap.

Opportunities

- Invest in digital technologies to remain relevant, reduce operational cost, and reduce human error.
- Adopt new technologies to allow accounting and finance professionals to focus on value-creating activities.

Declining CPA

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

Lack of knowledge about the career coupled with declining numbers of graduates is leading to a larger gap in talent needed to sustain the profession. Discussions regarding educational requirements are underway; some believe additional pathways that reduce the educational requirement will increase the pipeline, but others stand strong in defense of the current requirements.

Implications

- Lower number of students entering the profession will cause a gap in the talent pools.
- Lack of awareness or knowledge and misperceptions of the profession leads to students not understanding what the profession is really about and not joining the profession.

Opportunities

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

Acceleration in upskilling and reskilling

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

Implications

- Skill gap in accounting and finance professionals will be an ongoing challenge.
- Accounting and finance professionals who delay upskilling and reskilling can risk obsolescence.

Opportunities

- Reskill and upskill to enable the accounting and finance profession to develop the skills needed to remain competitive.
- Integrate corporate purpose and upskilling as a core tenet of the business to support recruiting and retaining practices.

Sustainability and ESG

Sustainability and ESG continue to be top of mind, and demand for this information and action around it continues to rise globally.

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

Implications

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

Opportunities

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

Increasing global insecurity due to conflict

Global conflict has unearthed new level of economic uncertainty and created tremendous supply chain disruptions and inflation.

Implications

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

Opportunities

- Draw on the unique abilities of finance and accounting professionals to bring vital insights and analysis to the table.
- Learn, unlearn, and relearn to develop a more efficient way of working that can bolster trust in the profession and help generate momentum.
- Develop new ways of working that can enhance productivity and garner process improvement and flexibility within the profession.

Outside investment dollars flowing into accounting

Private equity investments in accounting firms are accelerating rapidly and have the potential to reshape the profession. Advisory services have grown from $9B and 23% of Top 100 firm revenue in 2010 to $37B and 37% in 2022. In the last four years, professional employees at Top 100 firms have grown at a 6% CAGR, and reached 294,000 in 2022, while hiring of accounting graduates declined.[1] Emphasis around data analytics and visualization, cyber, and coding will promote more efficient and effective audits. Organizations will look to hire audit professionals with niche certifications (for example, ESG) and industry specializations.

Implications

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

Opportunities

- Drive specialized certifications and credentials (for example, ESG, blockchain, security, quality of networks) for non-CPA professionals.
- Promote the CPA and the CGMA certification as a critical variable in the "trust equation" for non-audit firms.

[1] *Accounting Today* Top 100 firms survey 2018-2022, Statista

Risks and opportunities

Although the COVID-19 pandemic seems to be subsiding, a host of challenges remain. In 2022, we wrestled with the profound impacts of high inflation, and navigated a tight labor market characterized by the "Great Resignation," which affected our ability to recruit and retain talent. We also encountered new challenges brought on by the Russia-Ukraine war, which elevated the risk of global economic destabilization, drove high inflation, and created massive supply chain disruptions. New economic sanctions created by the war forced us to exit the Russia market, which challenged businesses to compete and grow in international markets. We continued to battle deregulation efforts that pose a risk to the quality and integrity of the accounting and finance professions.

The accounting and finance profession has played a vital role in helping organizations navigate these challenging times and has made a positive impact on everything from local businesses to the global economy.

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

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

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

In 2022, we collected inputs from external reports and interviews with members, volunteers, and leadership to review the risk landscape. We identified and addressed the potential causes of each risk, as well as consequences and mitigations. The significance of each risk was then evaluated based on the likelihood of occurrence and potential impact, both before and after mitigation plans were in place.

The enterprise risks were categorized as external, operational, or strategic. External risks emerge from outside the organization; operational risks arise from within the organization; and strategic risks are associated with our strategic initiatives.

We conducted further research and assessment throughout 2022 to review and identify the key enterprise risks and opportunities most critical to the Association, as shown in the following table.

Key enterprise risks

Risk	Mitigation/opportunity
Shrinking revenue due to the inability to diversify	▶ Continued investments in transformative initiatives such as the DAS, ESG efforts and CAS, which will mature and create commercial opportunity. ▶ Expanded promotion of the CGMA designation in key markets, including the U.S. and China. ▶ Expanded designation pathways globally using the CGMA FLP and Registered Apprenticeship for Finance Business Partners Program.
RAVE does not deliver on value promise	▶ Launched a tiered approach for AICPA membership subscriptions in Q2 2022, increasing personalization, tangible benefits, and flexibility. ▶ Transitioned all magazines and consolidated specialty newsletters, creating a single, dynamic newsletter while reducing overall email volume. ▶ Created platform-friendly course designs, allowing quick and easy deployment and development of platform-specific products. ▶ Integrated corporate purpose and upskilling as a core tenet of the business to support recruiting and retaining practices.
Inability to align capacity and priorities	▶ Fostering a high-performing, diverse, inclusive, and engaging culture to enable and operationalize initiatives and activities. ▶ Offered continuous learning for Association staff to acquire new skills and adapt to the rapidly changing business environment. ▶ Continued to manage resource capacity, prioritized initiatives that align with the Association outcomes, and maintained a sound internal governance model.
Diminishing trust and value perception in CPA or CGMA designation	▶ Showcased the profession's ability to address challenges and steer the profession through a continually evolving global business environment. ▶ Continued efforts to maintain the integrity of the CPA designation. ▶ Used CPA Evolution to develop what it means to be a CPA and update the body of knowledge and licensure model. ▶ Ensure future relevancy and flexibility of the CPA licensure model. ▶ Provided technical insights, resources, networking, volunteer opportunities, and advocacy promoting the role the profession plays in serving the public interest, serving clients, and amplifying careers.

Risk	Mitigation/opportunity
Declining CPA pipeline	▶ Began implementation of a multipronged CPA pipeline strategy to mitigate mobility and licensure risks and advance initiatives that provide relief for talent shortages in the profession. ▶ Used CPA Evolution efforts to highlight what it means to be a CPA and ensure future relevancy and flexibility of the CPA licensure model. ▶ Continued evaluating marketing and engagement strategies to bolster our pipeline.
Inability of the profession to address changing needs of talent and employers	▶ Encouraged a "learn, unlearn, relearn" culture profession-wide. ▶ Drove propositions and offerings for the broader accounting and finance ecosystem, expanding access to our content and value propositions to members and engaged professionals. ▶ Provided the profession with tools to engage new and emerging professionals. ▶ Launched new LMS to offer dynamic learning journeys, providing targeted upskilling learning across multiple touchpoints that align to career progression. ▶ Focused ESG efforts on creating new offerings for both existing and new members and enhancing the relevancy and value proposition of membership.
Significant regulatory changes harm the profession	▶ Developed an action plan to preserve current mobility privileges that allow CPAs to seamlessly work physically and virtually across state lines and to uphold CPA licensure. ▶ Tracked and reviewed over 200 licensing bills in 25 jurisdictions with potential impact on the CPA license during the 2022 state sessions. ▶ Successfully advocated for key actions taken by the IRS, including the suspension of automated notices, addressing backlog, and supporting taxpayer relief. ▶ Protected the profession's reputation in the wake of the FTX collapse.

Governance

Association Board of Directors

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

The Board is composed of 28 leaders from the profession and the public, representing the diverse perspectives and expertise of the membership and stakeholders we serve. They extensively monitor the external environment and key trends that could have the most significant implications for the profession and organization in the future. With that insight, they help shape and ultimately oversee the development and approval of the Association's strategic plan and budget, monitor performance against goals, and provide overall enterprise risk management.

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

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

Board leadership

Anoop Natwar Mehta, CPA, CGMA
Chair, Association of International Certified Professional Accountants

Melanie Janine Kanaka, FCMA, CGMA
Co-chair, Association of International Certified Professional Accountants

The 2022 Association Board aligned with our membership composition of **48% women** and **featured representatives** from **four continents**.

Association Board members

Paul Ash, FCMA, CGMA
Mark Begich (public member)
Rebecca Bennett, FCMA, CGMA
Simon Bittlestone, FCMA, CGMA
Jonyce Bullock, CPA, CGMA
Mary Grace Davenport, CPA
Sarah Ghosh, FCMA, CGMA
Ebonie Jackson, CPA/CITP, CGMA
Melanie Janine Kanaka, FCMA, CGMA
Lexy Kessler, CPA, CGMA
Marie Large, FCMA, CGMA
Beth Kieffer Leonard, CPA, CGMA
Shirley Liu, FCMA, CGMA
Carla McCall, CPA, CGMA
Anoop Natwar Mehta, CPA, CGMA
Barry Melancon, CPA, CGMA
Andy Mintzer, CPA, CFF, CGMA
Trisha Nomura, CPA, CGMA
Dominic Ortiz, CPA, CGMA
Robert (R.J.) Phillips, FCMA, CGMA
Bill Pirolli, CPA/CFF/PFS, CGMA
Okorie Ramsey, CPA, CGMA
Asif Sadiq (public member)
Scott Showalter, CPA, CGMA
Matt Snow, CPA
Keren Stephen, FCMA, CGMA
Alan Whitman, CPA, CGMA

2022 AICPA and CIMA Councils

AICPA leadership

Anoop N. Mehta, CPA, CGMA Chair

Okorie Ramsey, CPA, CGMA, Vice Chair

Bill Pirolli, CPA/CFF/PFS, CGMA, Immediate Past Chair

CIMA leadership

Melanie J. Kanaka, FCMA, CGMA, President

Paul Ash, FCMA, CGMA, Immediate Past President

Sarah Ghosh, FCMA, CGMA, Deputy President

Simon Bittlestone, FCMA, CGMA, Vice President

AICPA governing Council

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

CIMA governing Council

CIMA's governing Council consists of up to 55 members, including honorary officers, elected fellows and associates, and members co-opted for the skills and experience they provide. The Council provides input to the Association's strategic plan and programs in line with current and future market needs and sets standards and regulations for members in line with the objectives of CIMA's Royal Charter and members' wider duty of care to the public interest. Under normal circumstances, Council meets twice a year in person and twice virtually.

Regional engagement groups

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

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

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

Driving value

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

In November, the Board of Directors approved our refreshed strategy and 2023 plan. We have modified our strategic process in response to the pandemic and have adopted an agile approach, moving away from a 3-to-5-year planning cycle to a 2023 plan and a multiyear plan and ambition with room to make shifts in response to the external environment.

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

Net assets and financial position

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

For 2022, the Association's change in total net assets was a decrease of $11.2 million. This decrease was primarily attributable to losses on the Association's investment portfolio and its two pension plans, partially offset by donor-restricted contributions related to the Association's Accounting + initiative, led by the Center for Audit Quality. We generated $330 million in gross revenue, net of investment losses of $25.8 million, offset by $383.3 million in expenses resulting in a decrease of net assets without donor restrictions of $53.3 million. The Association ended the year in a strong financial position, with cash and cash equivalents of $59 million and investments of over $164.5 million. Further, we have access to a $70 million line of credit for any short-term operating needs.

We continue to monitor AICPA and CIMA pension plans, which remain liabilities of their respective founding membership bodies. The AICPA pension plan is nearly fully funded and is invested in fixed income to hedge against the liability and changes in the discount rate. In 2022, the AICPA plan generated a pension loss of $8 million due to negative investment performance, partially offset by an increase in the plan's discount rate. The CIMA plan generated a pension loss of $7.5 million, also driven by negative investment performance offset by an increase in the plan's discount rate. Both plans are frozen and closed to future accruals, and both founding membership bodies have committed to meeting at least minimum funding levels under agreed-upon plans to ensure adequate funding in the future. The commentary below describes the revenues and associated expenses within our Combined Statements of Activities. Relevant KPI targets and results for 2022 are included in the KPI section that follows.

Member, firm services and partner solutions

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

Global learning

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

Professional examinations

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

Affinity, advertising and other

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

Contributions and contributed services

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

Investment return, net of expenses

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

Communications, public relations and advocacy

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

Diversity, inclusion, scholarships and assistance

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

Supporting services

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

Key performance indicators

We have established key performance indicators (KPIs) to measure and assess our organizational performance: Total Association population, which comprises members, students and engaged professionals; CPA candidates; RepTrak score and member satisfaction; average revenue per individual; total revenue; and operating income.

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

Outcomes	KPIs	2021 actuals	2022 budget	2022 actuals	Discussion
Transformation – of the Profession	Reputation – Association's RepTrak score[1]	N/A	71	72.4	In line with budget
	Relevance – Avg. Revenue Per Individual[2]	N/A	$355/ individual	$333/ individual	Lower revenue as noted below
	Reach – Total Association Population[3]	689K	713K	698K	Declines in AICPA members and CGMA students
Brand & Reputation	Association Member Satisfaction	N/A	7.15	7.11	In line with budget
Growth – Financial	Revenue[4]	$315M	$331.4M	$308.4M	Weaker GBP impacting U.S. dollar reporting, declines in AICPA membership revenue as well as both CPA and CGMA Exam revenue
	Operating Income (Loss)[5]	$6.2M	($6.5M)	($4.7M)	Cost reductions to more than offset operating revenue decline
Growth – Individuals Served	AICPA Members	421K	428K	415K	Pipeline challenges due to PA firm hiring models and retention challenge due to aging demographics
	CIMA Members	116K	118K	117K	Slight growth of 1,000 and in line with budget
	CGMA Students	61K	63K	60K	Economic challenges in Sri Lanka and geo-political challenges due to Russia-Ukraine conflict
	Engaged Professionals	91K	104K	106K	In line with budget
	CPA Candidates	72K	74K	67K	Pipeline challenges

[1] New in 2022 — RepTrak is a third-party measure of the Association's brand.

[2] Average revenue per individual is total B2C revenue divided by total Association population.

[3] Total Association population is the sum of AICPA members, CIMA members, CGMA students and engaged professionals. Does not include CPA candidates.

[4] Total revenue excludes related organizations and affiliates of the Association's founding membership bodies.

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

Executive remuneration

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

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

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

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

Financials

2022 and 2021 Combined financial statements
and independent auditor's report

Independent Auditor's Report

To the Audit and Finance Committee
Association of International Certified Professional Accountants

Opinion

We have audited the combined financial statements of Association of International Certified Professional Accountants and Related Organizations, which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities, net assets, and preferred stock and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Association of International Certified Professional Accountants and Related Organizations as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Information Included in the Annual Report

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

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

CohnReznick LLP

Parsippany, New Jersey
April 28, 2023

Financial statements

Association of International Certified Professional Accountants and Related Organizations	Combined Statements of Financial Position December 31, 2022 and 2021 ($000)	
	2022	2021
Assets		
Cash and cash equivalents	$ 59,007	$ 60,229
Receivables, net	21,466	20,774
Contributions receivable	26,793	–
Deferred costs and prepaid expenses	20,447	15,812
Investments	164,501	220,564
Building, furniture, equipment and leasehold improvements, net	20,039	23,275
Operating lease, right-of-use assets, net	59,654	81,087
Software and technology, net	64,205	63,499
Other investments	13,011	5,146
Deferred employee benefits	–	731
Goodwill, net	9,355	10,834
Total assets	$ 458,478	$ 501,951
Liabilities		
Accounts payable and other liabilities	$ 58,045	$ 61,861
Advanced dues	82,702	96,015
Unearned revenue	34,378	32,516
Operating lease liability	78,099	98,552
Deferred employee benefits	16,898	7,872
Accrued software development costs	23,022	28,610
Total liabilities	293,144	325,426
Preferred stock and net assets		
Preferred stock	7,500	7,500
Net assets with donor restrictions	42,566	417
Net assets without donor restrictions	115,268	168,608
Total preferred stock and net assets	165,334	176,525
Total liabilities, preferred stock and net assets	$ 458,478	$ 501,951

See Notes to Combined Financial Statements

Combined Statements of Activities, Net Assets, and Preferred Stock
For the Years Ended December 31, 2022 and 2021
($000)

	2022	2021
Changes in net assets without donor restrictions		
Member, firm services and partner solutions	$ 220,183	$ 242,322
Global learning	71,278	66,412
Professional examinations	36,247	40,696
Affinity, advertising and other	17,041	18,081
Contributions	1,077	1,374
Investment return, net of expenses	(25,786)	23,595
Total revenue and gains without donor restrictions	320,040	392,480
Net assets released from restrictions	10,545	450
Total revenue, gains and other support without donor restrictions	330,585	392,930
Operating expenses		
Program services		
Member, firm services and partner solutions	166,475	150,676
Global learning	61,605	58,020
Professional examinations	37,859	43,175
Communications, public relations and advocacy	41,651	40,745
Diversity, inclusion, scholarships and assistance	18,637	6,584
Total program services	326,227	299,200
Supporting activities		
General management	36,200	38,063
Membership development	9,539	10,623
Total supporting activities	45,739	48,686
Total operating expenses	371,966	347,886
Change in net assets without donor restrictions from operations	(41,381)	45,044
Pension and postretirement benefit gain (loss)	(13,073)	13,263
Translation adjustments	1,114	(240)
Change in net assets without donor restrictions	(53,340)	58,067
Net assets without donor restrictions, beginning	168,608	110,541
Net assets without donor restriction, ending	$ 115,268	$ 168,608
Changes in net assets with donor restrictions		
Contributions	$ 52,687	$ 31
Net assets released from restrictions	(10,545)	(450)
Investment return, net of expenses	7	2
Change in net assets with donor restrictions	42,149	(417)
Net assets with donor restrictions, beginning	417	834
Net assets with donor restrictions, ending	$ 42,566	$ 417
Change in net assets	$ (11,191)	$ 57,650
Preferred stock	$ 7,500	$ 7,500
Change in preferred stock and net assets	$ (11,191)	$ 57,650
Preferred stock and net assets, beginning	176,525	118,875
Preferred stock and net assets, ending	$ 165,334	$ 176,525

See Notes to Combined Financial Statements

($000)

	2022	2021
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets:	$ (11,191)	$ 57,650
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization:		
Building, furniture, equipment and leasehold improvements	3,656	4,186
Software and technology	16,165	13,484
Goodwill	1,479	1,440
Non-cash lease expense	7,614	7,720
Loss on disposal of assets	145	345
Impairment of right-of-use asset	1,958	–
Loss (gain) on investments	29,116	(21,122)
Deferred taxes	142	128
Provision for:		
Receivables	277	(286)
Deferred employee benefits	14,051	(12,327)
Changes in operating assets and liabilities:		
Receivables	(1,263)	(1,000)
Contributions receivable	(26,793)	–
Deferred costs and prepaid expenses	(5,016)	(659)
Accounts payable and other liabilities	(3,797)	(10,768)
Advanced dues	(11,519)	(429)
Unearned revenue	3,071	5,372
Deferred employee benefits	(4,093)	(4,530)
Operating lease liability	(8,444)	(8,361)
Accrued software development costs	(5,589)	(993)
Total adjustments	11,160	(27,800)
Net cash provided by (used in) operating activities	(31)	29,850
Investing activities:		
Payments for purchase of software and technology	(15,743)	(17,400)
Payments for acquisition of a business	–	(1,724)
Payments for purchase of building, furniture, equipment and leasehold improvements	(947)	(3,084)
Payments for purchases of other investments	(500)	(4,863)
Payments for purchases of investments	(4,329)	(68,924)
Proceeds from sale of investments	23,044	26,381
Net cash provided by (used in) investing activities	1,525	(69,614)
Effect of exchange rates on cash and cash equivalents	(2,716)	(23)
Net decrease in cash and cash equivalents	(1,222)	(39,787)
Cash and cash equivalents, beginning	60,229	100,016
Cash and cash equivalents, ending	$ 59,007	$ 60,229
Supplemental disclosures of noncash investing activities:		
Furniture, technology and internal software	$ 1,249	$ 8,153
Acquisition of business funded through liabilities assumed	$ –	$ 750
Right-of-use assets	$ 941	$ 5,246

See Notes to Combined Financial Statements

Notes to Combined Financial Statements

December 31, 2022 and 2021

Note 1 — Organization

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

The Association is a global membership organization whose mission and vision is to be the most influential body of professional accountants driving a dynamic accounting profession worldwide. In June 2016, members of the AICPA and CIMA, in separate membership ballots, approved the creation of the Association to integrate management, operations and strategy while preserving the membership bodies of both organizations. The Association launched on January 1, 2017, with the AICPA and CIMA as founding members. Members of the AICPA and CIMA are also members of the Association. The Association is organized as a NFP organization domiciled in the United States of America ("US").

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

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

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

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

Subsidiaries and Combined Related Organizations of the AICPA

CPA.com, Inc. ("CPA.com") is a provider of cloud-based Partner Solutions targeting the practice management, client services and developmental needs of public and management accountants. CPA.com is also responsible for marketing certain products and services, managing certain affinity programs and for providing certain technology services support to the Association. As of December 31, 2022, the AICPA controlled approximately 95% of CPA.com's voting stock. In accordance with CPA.com's amended shareholder agreement, the AICPA's voting percentage will exceed 50% in perpetuity, subject to the AICPA's approval to a transaction in which additional shares are issued to an investor. Notwithstanding the AICPA's controlling interest in CPA.com, the AICPA does not guarantee any of the obligations nor is it responsible for any of CPA.com's liabilities.

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

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

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

The AICPA and State Societies Network, Inc., composed of substantially all of the individual state societies of CPAs located throughout the US, are equal percentage members of Shared Services, LLC ("SSLLC"), a Delaware limited liability company, organized for the purpose of managing shared services between the AICPA and participating state societies. The AICPA accounts for its 50% investment in SSLLC on the equity method, although the investment remains at zero as of December 31, 2022. SSLLC maintains a limited amount of activity, principally group buying power on certain products and services for the benefit of the AICPA and participating state societies. SSLLC's Board of Directors continues to explore additional opportunities to fulfill its mission.

Related Organizations of CIMA

The CIMA Benevolent Fund provides assistance to CIMA members and ex-members and their families in times of hardship.

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

Note 2 — Summary of significant accounting policies

Basis of presentation

The preparation of combined financial statements in conformity with accounting principles generally accepted in the US requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

All significant intercompany accounts and transactions have been eliminated in combination.

Financial statement presentation follows the accounting standards requirements for NFP organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to two classes of net assets depending on the existence and/or nature of any donor restrictions as follows: net assets without donor restrictions and net assets with donor restrictions.

Reclassification

Certain amounts in the 2021 combined financial statements have been reclassified to conform with the current year's presentation.

Valuation of assets and liabilities

The Association considers investments with an original maturity of 90 days or less when purchased to be cash equivalents. As of December 31, 2022 and 2021, the Association's cash equivalents consisted primarily of short-term US Treasury obligations and money market funds.

Investments in equity securities with readily determinable fair values and all investments in debt securities and investment partnerships are reported at fair value with unrealized gains and losses included in the combined statements of activities, net assets, and preferred stock. The investment partnership represents ownership in a private investment partnership that trades global equity securities under the direction of asset managers.

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

The Association impairs an investment and recognize a loss if and when events or circumstances indicate there is impairment in the investment that is other-than-temporary. The Association evaluates investments in nonmarketable securities for impairment utilizing Level 3 fair value inputs.

The Association recorded a $6,954,000 impairment associated with a strategic investment during 2022. The impairment was recorded within Investment return, net of expenses in the combined statements of activities, net assets, and preferred stock.

The Association holds certain strategic investments in debt securities. These investments are carried at fair value and classified as trading securities and presented in Investments on the combined statements of financial position. As of December 31, 2022 and 2021, the Association had $3,332,000 and $2,500,000 in such securities, respectively.

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

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

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

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

Leases

The Association applies Accounting Standards Codification ("ASC") 842, Leases, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant or equipment for a period of time in excess of twelve months in exchange for consideration. The Association defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. The Association further determines all the existing leases are operating leases, which are included in Right-of-use ("ROU") assets and lease liabilities in the combined statements of financial position. ROU assets represent the Association's right to use leased assets over the term of the lease. Lease liabilities represent the Association's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term. ROU assets are calculated as the present value of the future lease payments adjusted by any deferred rent liability and lease incentives. ROU assets and lease liabilities are recognized at the lease commencement date. The Association uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Association uses the incremental borrowing rate at the lease commencement date to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. To the extent a lease arrangement includes both lease and non-lease components, the components are accounted for separately (see Note 9).

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

Concentrations of credit risk

Financial instruments, which potentially subject the Association to concentrations of credit risk, include cash and cash equivalents, investments and receivables. At December 31, 2022 and 2021, balances on deposit at US financial institutions exceeded Federal Deposit Insurance Corporation ("FDIC") insured limits. Cash equivalent amounts in sweep investment accounts are not insured nor guaranteed by the FDIC. The Association maintains its significant cash balances with a high-quality financial institution which the Association believes limits these risks.

Credit risk with respect to receivables is also limited because the Association deals with a large number of customers in a wide geographic area. The Association closely monitors the extension of credit to its customers while maintaining allowances for potential credit losses. On a periodic basis, the Association evaluates its receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit considerations. As of December 31, 2022 and 2021, the allowance for doubtful accounts was $339,000 and $401,000.

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

Derivatives

The Association utilizes derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. The Association does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. The Association recognizes all derivatives as either assets or liabilities in the combined statements of financial position and measures those instruments at fair value. Changes in the fair value of those instruments are reported in the combined statements of activities, net assets, and preferred stock.

The Association entered into foreign exchange contracts in 2022 and 2021 to mitigate against potential losses on certain expenditures. The notional amounts of the foreign exchange contracts for 2022 and 2021 were $42,709,000 and $7,597,000, and all contracts expire in 2023.

	2022	2021
	($000)	
Value of derivatives at deal rate	$ 24,356	$ (7,740)
Value of derivatives at year-end spot rate	(26,723)	7,536
Loss recognized in the combined statements of activities, net assets, and preferred stock	$ (2,367)	$ (204)

Revenue recognition

Member, firm services and partner solutions

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

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

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

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

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

Global learning

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

Professional examinations

Professional Examinations revenue consists of fees earned for examinations which include the CPA, CIMA, CGMA, and Advisory credentials. The Association recognizes revenue when the examination results are released.

Affinity, advertising and other

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

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

Revenue disaggregation

In accordance with ASU 2014-09, the Association disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue.

Revenue generated from memberships and subscriptions is primarily recognized over the performance obligation period, while the revenue generated from examinations, affinity, advertising and other event-based programs is recognized at a point-in-time. The revenue disaggregated by the timing of recognition for years ended December 31, 2022 and 2021, are as follows:

	2022	2021
	($000)	
Point-in-time	$ 104,955	$ 108,340
Over time	239,794	259,171
	$ 344,749	$ 367,511

Contract balances

The timing of revenue recognition, billings and cash collections results in contract assets, receivables, and contract liabilities. Contract assets would exist when the entity has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. The Association's revenue is based on delivered goods and services and is generally limited to amounts that are not contingent on future events, therefore, not resulting in a contract asset being recorded. The Association records receivables when the right to consideration becomes unconditional and are presented separately in the combined statements of financial position. Contract liabilities include advanced dues and unearned revenue when the Association receives payment from customers before revenue is recognized and are presented separately in the combined statements of financial position. The Association had contract receivables, net of allowance for doubtful accounts of $16,831,000 and $22,593,000 as of January 1, 2021 and January 1, 2020.

Payment terms

The majority of the payment terms of the Association's revenue streams are billed in advance of the performance obligation, including member and student dues, firm services, Global learning, CIMA, CGMA and Advisory credential examinations and advertising. All other revenue streams are collected in arrears with terms generally net thirty days.

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

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

The Association applied ASC 985-20, *Software to be sold, leased, or marketed*, and determined that technological feasibility was established when DAS was made available for sale in 2022. The Association incurred $2,733,000 of development costs in 2022, which were capitalized and included in deferred costs and prepaid expenses in the combined statements of financial position.

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

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

Promotions and advertising

Costs of promotions and advertising are expensed as incurred. Total promotion and advertising expenses for the years ended December 31, 2022 and 2021, were $8,939,000 and $7,344,000.

Software and technology costs

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

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

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

On at least an annual basis, the Association performs a review of its capitalized costs for impairment. For the years ended December 31, 2022 and 2021, no impairment was indicated.

Income taxes

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

CIMA incurs corporation tax on trading profits, chargeable gains and investment income less any charitable donations by way of gift aid; membership and examination income are not subject to corporation tax. CIMA is also subject to tax in a number of the non-UK markets. CIMA's associated charities are not subject to tax. A provision is made for deferred taxation to the extent that material temporary differences are expected to reverse in future periods. No provision for deferred taxation existed as of December 31, 2022 and 2021.

The Association has analyzed tax positions taken for filing with the Internal Revenue Service of the US and His Majesty's Revenue and Customs of the UK as well as any other jurisdictions where it operates. The Association does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, results of operations or cash flows. Federal income tax returns related to US domiciled entities as well as UK tax returns prior to December 31, 2019 are closed. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

CPA.com accounts for income taxes pursuant to the asset and liability method, which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized (see Note 11).

The Association's policy on classification of interest and penalties is to include these amounts in General Management expense. The Association does not have any material uncertain tax positions during the years ended December 31, 2022 and 2021, and has not accrued any interest or penalties related to unrecognized tax positions. The Association has not identified any material ASC 740 liabilities.

Employee benefit plans

The AICPA sponsors a postretirement benefit plan and both the AICPA and CIMA sponsor defined benefit pension plans. The plans' assets and benefit obligations are measured, and the funded status of these plans are reported, in the combined statements of financial position at December 31, 2022 and 2021 (see Note 12).

Note 3 — Liquidity resources

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

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

The following table reflects the Association's financial assets as of December 31, 2022 and 2021 reduced by amounts that are not available to meet general expenditures within one year of the combined statements of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2022	2021
	($000)	
Cash and cash equivalents	$ 59,007	$ 60,229
Receivables, net	21,466	20,774
Contributions receivable	26,793	–
Investments	161,169	218,064
Total financial assets	268,435	299,067
Investment collateral related to letter of credit	430	430
Trustee designated for Accounting Doctoral Scholarship Program (see Note 13)	740	750
Investment collateral related to credit limit (see Note 10)	366	1,293
Net assets with donor restrictions	42,566	417
DAS liability (see Note 2)	–	5,793
Financial assets available to meet cash needs for general expenditures within one year	$ 224,333	$ 290,384

Note 4 — Functional expenses

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

2022 ($000)

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

2021 ($000)

	Program Services					Supporting Activities		
	Member, firm services and partner solutions	Global learning	Professional examinations	Communications, public relations and advocacy	Diversity inclusion, scholarships and assistance	General management	Membership development	Total
People costs	$ 76,001	$ 22,524	$ 13,858	$ 20,497	$ 1,457	$ 17,889	$ 4,971	$ 157,197
Cost of goods sold	9,762	18,401	4,286	–	–	–	–	32,449
Selling expense	3,383	2,570	203	229	68	1	–	6,454
Occupancy	5,817	1,967	1,626	2,979	109	991	893	14,382
Meetings and travel	2,014	161	43	64	46	–	4	2,332
Office expense	1,611	411	306	2,531	36	461	317	5,673
Professional fees	34,015	9,550	18,239	11,561	1,148	13,691	3,782	91,986
Organizational support	5,617	14	15	271	3,364	40	–	9,321
Depreciation and amortization	8,713	2,039	1,965	2,182	296	3,473	535	19,203
Other	3,743	383	2,634	431	60	1,517	121	8,889
Total	$ 150,676	$ 58,020	$ 43,175	$ 40,745	$ 6,584	$ 38,063	$ 10,623	$ 347,886

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

Note 5 — Fair value measurements

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

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

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

Private equity investments: The Association's private equity investments include a direct investment in a limited partnership. The NAV, as provided by the limited partnership, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

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

The following tables set forth by level, within the fair value hierarchy, the Association's assets and derivatives at fair value as of December 31, 2022 and 2021:

	Assets (liabilities) at fair value as of December 31, 2022 ($000)			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 145,082	$ –	$ –	$ 145,082
Exchange traded funds	418	–	–	418
Unit trusts	3,143	–	–	3,143
Investments in private companies	–	–	3,332	3,332
Total assets in the fair value hierarchy	148,643	–	3,332	151,975
Investments measured at NAV (a)	–	–	–	12,526
Total investments measured at fair value	$ 148,643	$ –	$ 3,332	$ 164,501
Financial derivative instruments				
Foreign exchange contracts	$ –	$ (2,367)	$ –	$ (2,367)
Total derivatives measured at fair value	$ –	$ (2,367)	$ –	$ (2,367)

	Assets (liabilities) at fair value as of December 31, 2021 ($000)			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 191,849	$ –	$ –	$ 191,849
Exchange traded funds	699	–	–	699
Common stock	1,869	–	–	1,869
Unit trusts	3,869	–	–	3,869
Investments in private companies	–	–	2,500	2,500
Total assets in the fair value hierarchy	198,286	–	2,500	200,786
Investments measured at NAV (a)	–	–	–	19,778
Total investments measured at fair value	$ 198,286	$ –	$ 2,500	$ 220,564
Financial derivative instruments				
Foreign exchange contracts	$ –	$ (204)	$ –	$ (204)
Total derivatives measured at fair value	$ –	$ (204)	$ –	$ (204)

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value of investments that calculate net asset value per share

The following table summarizes investments measured at fair value based on the NAV per share as of December 31, 2022 and 2021:

Investment name	Unfunded commitment	Redemption frequency (if currently eligible)	Redemption notice period	**2022 Fair value**	2021 Fair value
				($000)	
Global Equity Long-Only Fund LP	None	Daily	3 days	$ 12,526	$ 19,778

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

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

The following sets forth a summary of changes in fair value of the Association's Level 3 assets for the period from January 1, 2021 to December 31, 2022:

	($000)
Balance, January 1, 2021	$ 200
Purchase of convertible instrument	3,000
Unrealized gain (loss)	(700)
Balance, December 31, 2021	2,500
Purchase of convertible instrument	500
Unrealized gain (loss)	332
Balance, December 31, 2022	$ 3,332

Note 6 — Building, furniture, equipment and leasehold improvements

Building, furniture, equipment and leasehold improvements consist of:

	2022	2021
	($000)	
Furniture	$ 4,194	$ 4,550
Equipment	9,876	10,030
Leasehold improvements	25,125	26,389
Building	3,333	3,257
	42,528	44,226
Less accumulated depreciation and amortization	22,489	20,951
	$ 20,039	$ 23,275

Note 7 — Software and technology

Software and technology consist of the following:

	2022	2021
	($000)	
Software and technology	$ 107,296	$ 96,564
Less accumulated depreciation and amortization	43,091	33,065
	$ 64,205	$ 63,499

Note 8 — Goodwill

The following table summarizes changes in the carrying amount of goodwill for the years ended December 31, 2022 and 2021:

	2022	2021
	($000)	
Goodwill	$ 14,786	$ 14,786
Less accumulated amortization	5,431	3,952
	$ 9,355	$ 10,834

In February 2021, pursuant to the terms of an asset purchase agreement, the Association acquired certain assets of a content provider for approximately $2,500,000 to help expand the Association's online product offerings. The assets acquired meet the definition of a business under ASC 805 and the acquisition was therefore accounted for as a business combination. The purchase consideration includes $750,000 to be paid over time in the form of commissions on future sales, all of which has been paid as of December 31, 2022. The Association allocated $2,232,000 of the purchase consideration to goodwill and the remaining purchase price was allocated to other assets acquired.

Note 9 — Leases

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

Lease expenses from operating leases were approximately $10,357,000 and $11,362,000 for the years ended December 31, 2022 and 2021.

Lease liability maturities as of December 31, 2022, are as follows:

	Operating leases
	($000)
2023	$ 11,505
2024	11,090
2025	9,904
2026	9,475
2027	9,173
Thereafter	37,521
Total undiscounted lease payments	88,668
Less imputed interest	10,569
Total lease liability	$ 78,099

The weighted-average remaining lease term and discount rate related to the Association's lease liabilities as of December 31, 2022, were 8.80 years and 2.85%.

Note 10 — Commitments and contingencies

Computerization of the Uniform CPA Examination

In connection with the Domestic Examination, the AICPA is party to an agreement with NASBA and Prometric, which expires in 2039, whereby the AICPA delivers the Domestic Examination in a computer-based format. NASBA develops and maintains the National Candidate Database, which serves as the gateway for candidates applying to take the Domestic Examination. Prometric is responsible for providing scheduling, test preparation, test delivery and results processing of the Domestic Examination in a computer-based testing environment consistent with the AICPA and NASBA requirements.

The AICPA receives fees through NASBA based upon the number of examinations taken. The agreement provides for the AICPA to break even with regard to costs incurred in developing and maintaining the Domestic Examination. Through December 31, 2022, approximately $344,517,000 of revenue and $348,016,000 of costs have been incurred. For the years ended December 31, 2022 and 2021, the AICPA recognized revenue of approximately $15,565,000 and $17,576,000. Accordingly, costs equal to the revenue recognized have been expensed. At December 31, 2022, the balance of costs in excess of revenues of $3,499,000 is included in prepaid expenses in the accompanying combined statements of financial position.

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

Other commitments

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

The Association has other commitments for service agreements with various vendors that relate primarily to information technology and marketing services. Minimum commitments in effect as of December 31, 2022, are:

	($000)
2023	$ 45,683
2024	44,264
2025	40,938

Amounts purchased under these service agreements for the years ended December 31, 2022 and 2021, were $50,695,000 and $56,822,000.

Letters of credit

As of December 31, 2022, the Association has irrevocable standby letters of credit associated with its North Carolina and New York leases of $167,000 and $224,000, which expire on July 31, 2023 and July 14, 2023. In addition, the Association has a letter of credit with ICANN in the amount of $39,000, which expires on May 7, 2024.

Line of credit

The Association has available a line of credit with a bank for short-term borrowings of up to $50,000,000 with the ability to increase the line of credit, subject to lender approval, up to $70,000,000. The line of credit has interest at the Secured Overnight Financing Rate (“SOFR”) plus applicable margin. Amounts outstanding under the line of credit are collateralized by certain investments. There were no outstanding borrowings at December 31, 2022 and 2021, beyond the letters of credit. The line of credit expires on April 12, 2024.

Credit limit

The Association has a credit limit with a bank for its corporate credit cards of $3,000,000. Amounts outstanding against the credit line are collateralized by certain investments. The amounts outstanding as of December 31, 2022 and 2021, were $366,000 and $1,293,000 and are included in accounts payable and other liabilities in the combined statements of financial position.

Litigation

From time to time, the Association is a defendant in actions arising in the ordinary course of business. In the opinion of management, such litigation will not have a material adverse effect on the Association's financial condition or change in net assets.

Note 11 — Taxation

The Association's effective tax rate differs from federal statutory rate primarily as a result of state taxes, the change in the valuation allowance and the nondeductible goodwill.

Income tax (benefit) expense consists of the following:

	2022	2021
	($000)	
Current		
Federal	$ –	$ –
State	951	1,259
Deferred		
Federal	420	(55)
State	(278)	(69)
	$ 1,093	$ 1,135

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

	2022	2021
	($000)	
Net operating loss	$ 1,731	$ 1,721
Deferred income	87	97
Equity in income of investee	–	6
Accrued compensation and benefits	881	1,090
ASC 842 Leases	49	43
Depreciation and amortization	22	17
Total deferred tax assets	2,770	2,974
Unrealized loss	(1,050)	(482)
Domain name amortization	(269)	(247)
Total deferred tax liabilities	(1,319)	(729)
Valuation allowance	–	(651)
Net deferred tax assets	$ 1,451	$ 1,594

The net deferred tax asset has been decreased by approximately $143,000 based mainly on the release of the valuation allowance against the Federal Net Operating Loss ("NOL"). Valuation allowance has decreased by approximately $651,000 primarily due to the usage and expiration of a large portion of NOLs. Realization of the deferred tax asset is dependent on generating sufficient taxable income prior to the expiration of the NOL carryforwards. Although realization is not assured, Association management believes it is more likely than not that the deferred tax asset will be realized. The amount of the deferred tax asset considered realizable could change in the near term if estimates of future taxable income during the NOL carryforward period change.

As of December 31, 2022 and 2021, the Association has NOL carryforwards for U.S. federal income tax purposes of approximately $5,405,000 and $4,338,000, respectively, that begin to expire in 2024 through 2035. The timing and manner in which the NOL carryforwards can be utilized in any year by the Association may be limited by Internal Revenue Code Section 382 ("IRC 382"). As of both December 31, 2022 and 2021, the Association has NOL carryforwards for certain state income tax purposes of $5,240,000 and $7,449,000, respectively, that begin to expire in 2034. Further, the Association has NOL carryforwards for certain city income taxes of $4,675,000 and $6,113,000, respectively, that begin to expire in 2034. The Association's NOL carryforwards from closed years can be adjusted by the tax authorities when they are utilized in an open year.

In response to the market volatility and economic instability prompted by COVID-19, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted and signed into law on March 27, 2020. The CARES Act is a $2 trillion relief package comprising a combination of tax provision and other stimulus measures. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. A review of the CARES Act provisions found no significant impacts on the Association.

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

Note 12 — Employee benefit plans

Defined benefit pension plans

The AICPA sponsors a noncontributory defined benefit pension plan (the "Plan") for qualifying employees. The amount of the annual benefit to be paid at normal retirement date is based on credited service, which varies based on participant hire dates. On June 30, 2013, the AICPA closed the Plan to new entrants and froze future benefit accruals to existing employees.

The Society of Actuaries ("SOA") publishes mortality tables and improvement scales which are used in developing the best estimate of mortality for plans in the US. In 2022 and 2021, the SOA updated the mortality improvement scale. The AICPA updated the assumptions for the purposes of measuring the pension and postretirement health care plans at December 31, 2022 and 2021.

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

	2022	2021
Discount rate	**5.20%**	2.90%
Rate of compensation increase	**N/A**	N/A

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

	2022	2021
Discount rate	**2.90%**	2.90%
Expected return on plan assets	**2.70%**	2.30%
Rate of compensation increase	**N/A**	N/A

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

The expected return on Plan assets was derived by reviewing historical returns, preparing several models about future expected returns using the current diversified asset mix and conducting a historical study of market recoverability.

For the year ending December 31, 2023, the AICPA does not expect to contribute to the Plan.

The following tables provide further information about the Plan:

	2022	2021
	($000)	
Projected benefit obligation	$ 105,957	$ 140,713
Fair value of plan assets, net of plan liabilities of $95 and $204 and accrued income of $895 and $889	98,576	141,444
Net over (under) funded status of the plan recognized as an asset (liability) in the combined statements of financial position	$ (7,381)	$ 731
Employer contributions	$ –	$ –
Benefit payments	$ (6,616)	$ (6,066)
Accumulated benefit obligation	$ 105,957	$ 140,713
Periodic pension expense for the year	$ 2,577	$ 3,182

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

	Unrecognized prior service cost	Actuarial (gain) loss	Total
		($000)	
Balance, December 31, 2020	$ 362	$ 32,613	$ 32,975
Increase during the year ended December 31, 2021	–	2,226	2,226
Amortization during the year ended December 31, 2021	(11)	(1,442)	(1,453)
Balance, December 31, 2021	351	33,397	33,748
Increase during the year ended December 31, 2022	–	6,639	6,639
Amortization during the year ended December 31, 2022	(11)	(1,093)	(1,104)
Balance, December 31, 2022	$ 340	$ 38,943	$ 39,293

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

Estimated future plan payments reflecting expected future service for each of the five years subsequent to December 31, 2022, and in the aggregate for the five years thereafter, are as follows:

	($000)
2023	$ 6,722
2024	6,900
2025	7,051
2026	7,135
2027	7,222
2028 to 2032	36,788

The Plan's overall investment strategy is to provide for growth of capital with a moderate level of volatility. The expected long-term rate of return for the Plan's assets is based on the expected return of each of the asset categories, weighted based on the median of the target allocation for the class. All investments are chosen with care, skill, prudence and due diligence with the assistance of a paid investment consultant. Performance of each investment manager is reviewed quarterly and interviews of each investment manager are generally conducted within a two-year cycle by an investments committee comprised of the AICPA members with investment industry experience. Investment risk is managed in several ways including, but not limited to, the creation of a diversified portfolio across multiple asset classes and geographic regions. A listing of permitted and prohibited investments is maintained in the AICPA's Statement of Investment Policy, dated November 2018. The Plan adopted a dynamic asset allocation strategy, which is intended to reduce volatility with the Plan's funded status as the funded status improves over time. As the Plan's funded status improves, the target allocation of the Plan's assets in fixed income investments will increase and overall target allocation of the Plan's assets in equity and other types of investments will decrease. The target asset allocations are 90-100% fixed income and 0-10% equity securities. Fixed income investments include securities issued or guaranteed by the US Government, its agencies or government-sponsored enterprises, mutual funds, as well as corporate bonds from diversified industries.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

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

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

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

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

The fair values of the Plan's assets at December 31, 2022 and 2021, by asset category, are as follows:

	Assets at fair value as of December 31, 2022		
	Level 1	Level 2	Total
		($000)	
Total investments at fair value — fixed income securities	$ 18,321	$ 79,455	$ 97,776

	Assets at fair value as of December 31, 2021		
	Level 1	Level 2	Total
		($000)	
Total investments at fair value — fixed income securities	$ 26,193	$ 114,566	$ 140,759

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

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

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

The results of the formal actuarial valuation on April 1, 2021, have been projected to December 31, 2022, by a qualified independent actuary. The figures in the following disclosures were measured using the Projected Unit Method.

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

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

	2022	2021
Discount rate	**4.80%**	1.85%
Rate of compensation increase	**N/A**	N/A

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

	2022	2021
Discount rate	**1.85%**	1.25%
Expected return on plan assets	**4.44%**	4.58%
Rate of compensation increase	**N/A**	N/A

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

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

For the year ending December 31, 2023, CIMA expects to contribute $3,583,000 to the Scheme.

The following tables provide further information about the Scheme:

	2022	2021
	($000)	
Projected benefit obligation	$ 48,878	$ 85,032
Fair value of plan assets	44,490	83,820
Net unfunded status of the plan recognized as a liability in the combined statements of financial position	$ 4,388	$ 1,212
Employer contributions	$ 3,711	$ 4,127
Benefit payments	$ 1,927	$ 1,713
Accumulated benefit obligation	$ 48,878	$ 85,032
Foreign currency adjustment	$ (212)	$ (132)
Periodic pension benefit for the year	$ 2,013	$ 2,310

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

	Unrecognized prior service cost	Actuarial (gain) loss	Total
		($000)	
Balance, December 31, 2020	$ 218	$ 7,912	$ 8,130
Decrease during the year ended December 31, 2021	–	(13,831)	(13,831)
Amortization during the year ended December 31, 2021	(12)	–	(12)
Foreign currency adjustment	5	159	164
Balance, December 31, 2021	211	(5,760)	(5,549)
Increase during the year ended December 31, 2022	–	9,112	9,112
Amortization during the year ended December 31, 2022	(11)	–	(11)
Foreign currency adjustment	(28)	408	380
Balance, December 31, 2022	$ 172	$ 3,760	$ 3,932

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

The Scheme recognized significant gains in the benefit obligation in 2021. These were driven by favorable returns of the plan's assets as well as the actuarial assumptions applied to the plan in calendar year 2021.

Estimated future Scheme payments reflecting expected future service for each of the five years subsequent to December 31, 2022, and in the aggregate for the five years thereafter, are as follows:

	($000)
2023	$ 2,352
2024	2,421
2025	2,508
2026	2,446
2027	2,497
2028 to 2032	13,214

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

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

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

The fair values of the Scheme assets at December 31, 2022 and 2021, by asset category, are as follows:

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

	Assets at fair value as of December 31, 2021	
	Level 2	Total
	($000)	
Equity securities		
Liability driven investment funds	$ 44,656	$ 44,656
Diversified growth funds	12,293	12,293
Total equity securities	56,949	56,949
Other		
Property fund	4,360	4,360
Total other	4,360	4,360
Total assets in the fair value hierarchy	61,309	61,309
Investments measured at NAV (a)	–	22,511
Total investments at fair value	$ 61,309	$ 83,820

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

Fair value of investments that calculate NAV

The following table summarizes investments measured at fair value based on the NAV per share as of December 31, 2022 and 2021:

Investment name	Unfunded commitment	Redemption frequency (if currently eligible)	Redemption notice period	2022 Fair value	2021 Fair value
				($000)	
Partners Fund	None	Monthly	1 month + 1 day	$ 8,001	$ 12,788
Insight Secured Finance Fund	None	Quarterly	3 months	8,708	9,723
Total				$ 16,709	$ 22,511

Partners Fund

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

Insight Secured Finance Fund

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

Postretirement plan

The AICPA sponsors unfunded employee postretirement health care and life insurance plans for qualifying employees hired before May 1, 2003, and contributes toward the annual cost of retirees remaining in these plans.

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

	2022	2021
Discount rate	5.15%	2.75%

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

	2022	2021
Discount rate	2.75%	2.35%

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

The assumed health care cost trend rates used to measure the expected cost of benefits under the postretirement health care plan were expected to increase by 6.25% for participants under the age of 65 and 7.25% for participants age 65 and over in 2022. These rates are assumed to gradually decrease until reaching 5% in 2027 for all participants.

For the year ending December 31, 2023, the AICPA expects to contribute $448,000 to the postretirement plan.

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

	2022	2021
	($000)	
Postretirement benefit obligation	$ 5,129	$ 6,660
Net unfunded status of the plan recognized as a liability in the combined statements of financial position	$ 5,129	$ 6,660
Employer contributions	$ 382	$ 403
Benefit payments	$ (423)	$ (434)
Periodic postretirement expense for the year	$ 319	$ 355

Amounts in net assets without donor restrictions that have not yet been recognized as a component of net periodic benefit cost comprise the following as of December 31, 2022 and 2021:

	Unrecognized prior service credit		Actuarial (gain) loss ($000)		Total	
Balance, December 31, 2020	$	(21)	$	1,622	$	1,601
Decrease during the year ended December 31, 2021		–		(378)		(378)
Amortization during the year ended December 31, 2021		18		(124)		(106)
Balance, December 31, 2021		(3)		1,120		1,117
Decrease during the year ended December 31, 2022		–		(1,404)		(1,404)
Amortization during the year ended December 31, 2022		3		(64)		(61)
Balance, December 31, 2021	$	–	$	(348)	$	(348)

Estimated future postretirement benefit payments reflecting expected future service for each of the five years subsequent to December 31, 2022, and in the aggregate for the five years thereafter, are as follows:

	($000)	
2023	$	448
2024		437
2025		433
2026		426
2027		420
2028–2032		1,978

Defined contribution plans

The Association also sponsors separate defined contribution plans covering substantially all employees meeting minimum age and service requirements. Participation in the plans is optional and employer contributions being made to the plan are in amounts equal to a certain percentage of employees' contributions. The cost of these plans was $8,379,000 and $8,554,000 for the years ended December 31, 2022 and 2021.

Deferred compensation

The Association has a nonqualified deferred compensation plan for certain key employees. Amounts accrued under this plan are $9,731,000 and $10,311,000 as of December 31, 2022 and 2021 and are included in the accompanying combined statements of financial position as a component of accounts payable and other liabilities. As of December 31, 2022 and 2021, unvested deferred compensation expense to be recognized over a period of 36 months was $815,000 and $753,000.

Note 13 — Preferred stock and net assets

Preferred stock and net assets as of December 31, 2022 and 2021, are as follows:

	2022	2021
	($000)	
Preferred stock	$ 7,500	$ 7,500
Net assets with donor restrictions:		
Bold Ambition/Accounting+	$ 42,324	$ –
CIMA Examination Fund	124	–
Foundation Accounting Doctoral Scholars	–	250
Foundation Financial Accounting	1	1
Foundation William Ezzell Scholarships	–	14
Foundation John L. Carey Scholarships	85	110
American Woman's Society of CPAs	–	7
ARA — Audit Analytics	32	35
Net assets with donor restrictions	$ 42,566	$ 417
Net assets without donor restrictions	$ 115,268	$ 168,608

In 2016, the Foundation Trustees designated unrestricted funds to supplement the continuation of the ADS program. As of December 31, 2022 and 2021, the balance of the funds were $740,000 and $750,000.

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

Net assets with donor restrictions

Bold Ambition/Accounting+

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

CIMA Examination Fund

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

Foundation Accounting Doctoral Scholars ("ADS")

The ADS initiative focuses on the faculty shortage of accounting Ph.D.s and is working to increase the number of accounting Ph.D.s. The original ADS program achieved its goals and the Foundation began a new phase of the program continuing to focus on candidates working in public accounting who are looking to transition to an academic career.

Foundation William Ezzell Scholarships

Founded in honor of former AICPA Chairman, AICPA Foundation President and the driving force behind the ADS program. The scholarship program provides financial assistance to CPAs pursuing their accounting Ph.D., with the intent to teach and research at a US accredited university upon graduation.

Foundation John L. Carey Scholarships

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

Accounting Research Association – Audit Analytics

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

American Woman's Society of CPAs ("AWSCPA")

The AWSCPA was founded to promote the interests of female CPAs in America through various programs and publications.

Note 14 — Affiliated party transactions

The AICPA sponsors the American Institute of Certified Public Accountants Insurance Trust ("Trust") and receives royalty, advertising and general and administrative services fees from the sponsorship. The AICPA received net revenue of $4,627,000 and $4,920,000 from the Trust for the years ended December 31, 2022 and 2021.

Note 15 — Foreign operations

For the years ended December 31, 2022 and 2021, approximately 23% and 20%, of the Association's revenue and gains without donor restrictions were derived outside of the US, primarily in the UK.

Note 16 — Accumulated translation adjustment

Translation adjustments for the years ended December 31, 2022 and 2021 consist of foreign currency translation adjustments associated with Association's combined foreign entities. Changes in accumulated translation adjustments are reported in the combined statements of activities, net assets, and preferred stock. The amount of accumulated translation adjustment is included within net assets without donor restrictions at December 31, 2022 and 2021 in the combined statements of financial position. The changes in accumulated translation adjustment for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
	($000)	
Balance at beginning of year	$ (3,011)	$ (2,771)
Foreign currency translation adjustments	1,114	(240)
Balance at end of year	$ (1,897)	$ (3,011)

Note 17 — Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure through April 28, 2023, which is the date the combined financial statements were available to be issued.

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