

1930  
YEAR BOOK  
OF THE  
American  
Institute of Accountants



(Incorporated under the Laws of the District of Columbia)

**Officers, Council, Board of Examiners, Committees, Members and Associates. Proceedings of the Annual Meeting at Colorado Springs, Colorado, September 16 and 17, 1930. Minutes of Council Meetings, September 15 and 18, 1930. Minutes of American Institute of Accountants Foundation Meetings, September 16 and 18, 1930. Reports presented at Council and Annual Meetings. List of C. P. A. Examiners. By-Laws and Rules of Professional Conduct. Rules of the Board of Examiners.**

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to business, finds itself very much affected by these changes. I have felt very strongly during the past year that if we are to cope with the problems constantly arising and maintain the position we have gained for ourselves in the public esteem, we must maintain the high standards of ethics and practice developed over the past years.

Every effort should be made to extend the influence of the Institute by so conducting its affairs that every reputable practitioner will feel that he needs membership in order that his status in the community where he practises may be fixed. To accomplish this purpose the Institute should have the active coöperation of all its members so that its influence may be felt in every worth-while movement. Its membership must so conduct itself that it will ever retain the respect of those whose interests we serve. I am more strongly of the opinion than ever before that we need just such an organization as the American Institute of Accountants.

Let me take this occasion to thank you who have honored me in this high office during the past two years, those members of committees who have worked so faithfully, members of the council who have, at much sacrifice of time and money, attended its sessions and the members of the staff in New York who have performed their duties efficiently and loyally.

FREDERICK H. HURDMAN, *President.*

**Report of the Secretary**

[The following report of the secretary of the American Institute of Accountants was presented at the meeting of council of the Institute on Monday, September 15, 1930.

The report was accepted and it was resolved that it be printed in pamphlet form and distributed to the members.

Extra copies may be obtained from the office of the Institute, 135 Cedar Street, New York.

JOHN L. CAREY, *Secretary.*  
New York, Oct. 1, 1930.]

**TO THE COUNCIL OF THE AMERICAN INSTITUTE OF ACCOUNTANTS:**

**GENTLEMEN:** There have been 73 additions to the entire membership of the Institute during the past fiscal year. The membership has been depleted by 26 deaths, 21 resignations and by termination of membership of 13 members and 1 associate for failure to pay dues within the time specified by the by-laws. One member was expelled. At the suggestion of the executive committee associates who were eligible were invited to apply for advancement and particularly as a result of the invitation 24 associates have been advanced to membership.

At September 1, 1930, the membership was 2,196 (1,770 members and 426 associates) while at September 1, 1929, the total number was 2,185 (1,742 members and 443 associates).

In 1920 the total membership was 1,363. A net gain of 61 per cent. in membership has been made in 10 years, a gratifying increase in view of the absence of any solicitation whatever. All applications to the Institute are entirely voluntary.

It is believed, however, that there are many accountants eligible to apply for admission to the Institute and desirable as prospective members who have not submitted applications either because they are ignorant of the nature and purposes of the Institute or simply because of inertia. The members of council in various sections of the country might properly offer encouragement to such men whom they know to be worthy.

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The following deaths have been reported during the past year:

*Members*

HENRY HUNTER BAYNE	RALEIGH T. LILLY
THOMAS BOUDAR	EUGENE M. LYNN
HERBERT J. BROOKE	JOHN F. LYNN
LEON BRUMMER	JOHN G. MCINTOSH
HARRY P. BURLINGAME	A. G. MORIN
FREDERICK BOND CHERRINGTON	ALBERT L. PALMER
EDWARD J. DILLON	HARRY PROBERT
JOHN DOHERTY	WALDRON H. RAND
LEWIS G. FISHER	A. D. ROBERTS
HERBERT E. FRENCH	C. V. ROWE
HARRY LEE HARSH	GEORGE SKELTON
GEORGE F. HORN	BRUCE RICHARDSON WARE

*Associates*

HARRY M. FANCHER      J. SHERMAN MITCHELL

The details of the year's activities are completely described in the report of the executive committee and of the other committees which carry on the work of the Institute. It is interesting, however, to survey these various functions as a whole, as well as to scrutinize their individual details, to see how well rounded is the entire programme of the Institute in its efforts to advance the interests of the accountancy profession. The activities of the past year, taken as constituent parts of a single purpose, show remarkable conformity with the objects of the organization as stated in the first section of the by-laws.

The different activities may be generally grouped as technical services, professional services and services to the community at large.

Under the first heading comes the programme of publication, which has been enlarged this year to include publication of books on accounting subjects in collaboration with The Century Company. This is undoubtedly one of the most important adventures which the Institute has undertaken, and the possibilities which it opens for service to the profession in improvement and enrichment of its technical literature are almost boundless.

The bureau of information and the library continue their

*Report of Secretary*

incessant services on an ever increasing scale. The Institute's library and information bureau are becoming institutions to which accountants naturally turn when they are in need of the type of service rendered by these agencies of the Institute. During the year there were 6,043 references given by the library and 961 books were lent from the circulating collection. The bureau of information obtained answers to 82 technical questions. Additions to the collection consisted of 275 books and 210 magazines.

The appointment of a special committee on accounting procedure, composed of eminent practitioners, is sure to have a salutary effect in consideration of important broad technical questions which arise from time to time. The first subject to which the committee is turning its attention is the important one of stock dividends.

After four years of research and study, during which the entire membership of the Institute has had an opportunity to contribute its opinions, the special committee on definition of earned surplus will submit a report at this meeting which represents the conclusion of its efforts to determine the scope of an item in the balance-sheet which has been a moot point in accountancy from the beginning.

The committee on education has practically completed a classification of accountancy services which has had its attention and the attention of other committees since 1926. Important additions and alterations have been made in the original report submitted that year. The classification will undoubtedly be ready for publication during the current year, and it is believed that its definitions of the scope of the various functions which accountants may perform will be of material assistance to educational institutions in devising their curricula.

The committee on terminology has practically completed its work of collating definitions which have been published over a number of years and in supplying definitions lacking in the original groups. The council has already granted authority for publication of these definitions in pamphlet form. The appearance of the pamphlet will fulfill another need which has been keenly felt by professional accountants.

Under the heading of professional services perhaps the most important are those rendered by the committee on professional ethics and the board of examiners, two agencies which have been largely responsible for maintenance of professional standards in American accountancy. The committee on ethics reports consideration of 69 complaints and inquiries. One trial resulting in expulsion of a member has been held. The unflagging efforts of the Institute to enforce among its members rules of propriety and good taste can not fail to increase the respect in which the accountancy profession is held by the business public.

The board of examiners reports that 37 states and territories are now participating in the plan of cooperation under which the Institute's examinations are made available to state boards of accountancy for the conduct of C. P. A. examinations.

As a logical extension of this programme the executive committee has authorized a survey of the relationship between state boards chiefly with reference to the endorsement of foreign C. P. A. certificates. A comprehensive study of the question has been made and a large majority of the states has indicated a desire to cooperate with the Institute in consideration of possible improvements in the machinery of reciprocity. The results of the Institute's research will be presented for discussion at a meeting of state boards of examiners to be held in conjunction with this annual meeting of the Institute.

The committees on federal and state legislation have been active during the past year in defending the interests of the profession before the bureau of internal revenue and state legislatures.

The two employment agencies conducted by the Institute have found positions for more than 300 accountants in the few years during which they have been in existence.

In the Institute's relationship with other organizations the special committee on cooperation with bankers has again occupied an important place. Its discussions with representatives of the Robert Morris Associates on problems related to accountants' statements, reports and certificates are continually strengthening good feeling between bankers and accountants, and are also building up a series of precedents on questionable points of procedure.

The necessity of reform in administration of the national bankruptcy act and perhaps in the act itself has again been a subject of agitation this year. Bar associations and credit men's associations have given attention to the matter and the Institute has not neglected its opportunity for constructive service. A special committee on bankruptcy reform has been appointed by the president, and the committee was represented at a luncheon in New York on September 4th, at which an officer of the department of justice explained to representatives of several organizations the purposes of an investigation of bankruptcy which the attorney general of the United States is undertaking. The cooperation of the Institute in the investigation has been offered to the government.

A special committee has assisted the National Bureau of Economic Research in a study of corporate profits by gathering from the membership of the Institute statistics which probably would not be available to the bureau from any other source. It is expected that the report published as a result of the bureau's study will be of great importance in indicating economic tendencies in the country during the past few years.

The possibility of cooperation between the Institute and stock exchanges has been suggested. An address to be delivered at this annual meeting by a representative of the New York Stock Exchange shows ways in which such cooperation might be effective.

In addition, the special committee on cooperation with arbitration associations has rendered assistance in urging the passage of state laws providing machinery for commercial arbitration, and the executive committee has complied with requests for assistance from the Cotton Textile Institute and the Alabama Securities Commission.

For the second time the Institute is fighting the battles of the profession in the courts. A few years ago it was instrumental in effecting a victory for accountants in a case in which ownership of accountants' working papers was the issue. At the present time preparations are being made to participate in appeal of a case involving the question of an accountant's financial responsibility for losses sustained by creditors of his client.

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These formal activities are not the only ones in which the Institute engages. A thousand miscellaneous requests are received at the offices of the organization every year.

During the year the president and secretary have had an opportunity to describe the ideals and achievements of the Institute to accountants in Tulsa, Dallas, San Antonio, Houston, New Orleans, Birmingham, Atlanta, Chicago and St. Paul. In December the secretary and assistant secretary attended a meeting of accountants at Jacksonville, Florida. In May the chairman of the board of examiners and the secretary of the Institute accepted an invitation to address accountants at a dinner in Philadelphia.

On behalf of the bureau for placements the secretary has visited Yale, Harvard, Princeton, Hamilton, Hobart, Syracuse, Union and Tufts and described to students the opportunities in the profession and the plan of the American Institute to assist college graduates in obtaining positions.

In all these places there has been evidenced nothing but sincere respect for the work which the Institute is accomplishing and the manner in which it is being carried on. There is, of course, a tremendous amount of work still to be performed before the accountancy profession is in the position which the founders of the Institute set as their ideal, but a firm foundation has been established and those who labor in the future will have the great advantage of strong and secure footing.

Respectfully submitted,

JOHN L. CAREY, *Secretary.*

September 10, 1930.