



An Association of Independent Firms

2006-2007 NORTH AMERICAN YEAR IN REVIEW

2007

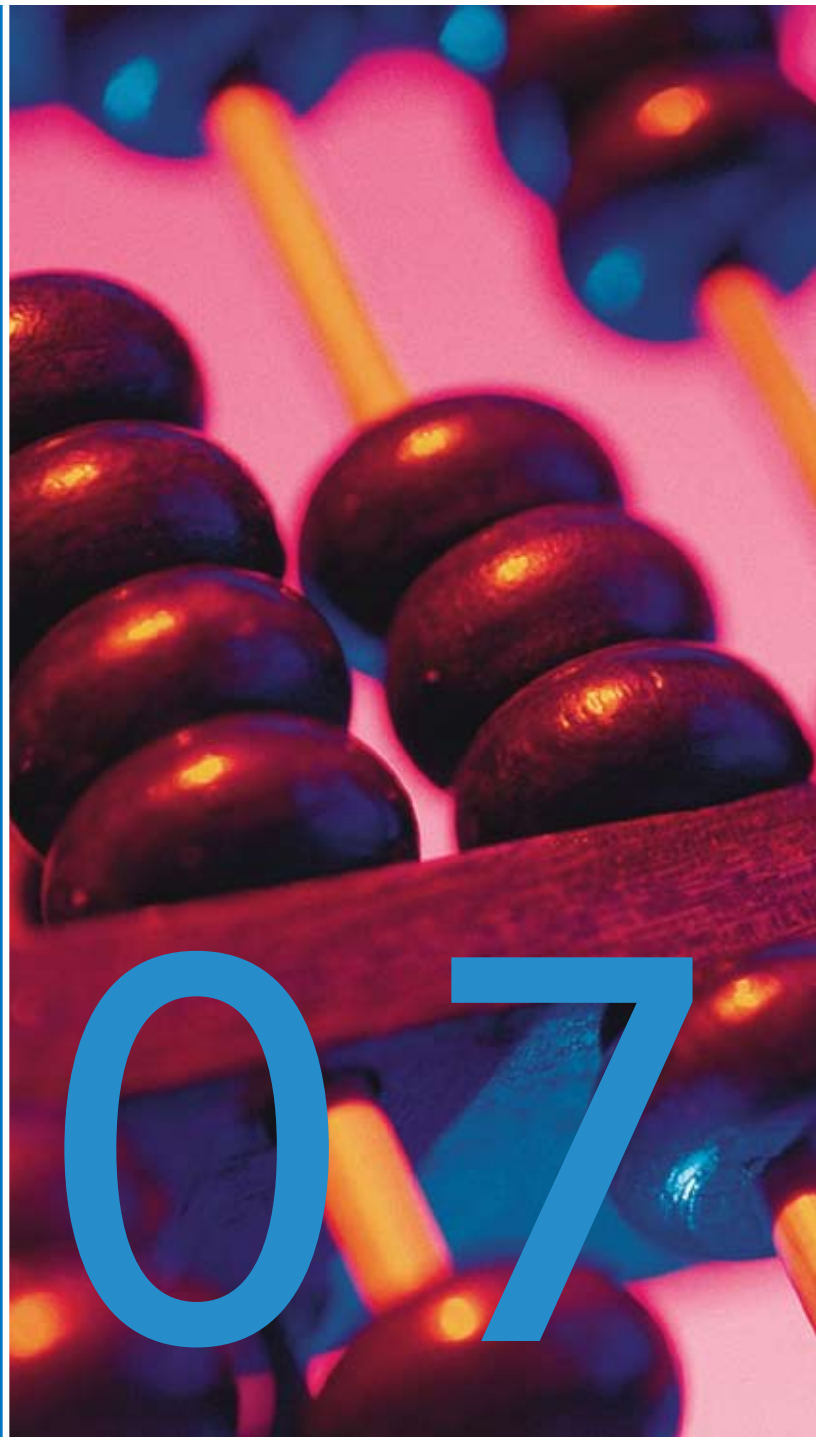


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A LETTER FROM THE NORTH AMERICAN CHAIRMAN

Dear Fellow IGAF Worldwide Members:

What a year it's been! From turbulent activity in various client marketplaces to difficulties recruiting staff, it is obvious that the pace of change we have to manage isn't going to slow anytime soon. I'm glad to say that, in this environment, having access to IGAF Worldwide resources can make a dramatic difference in your firm's growth and success.

Because the Board of Directors and staff of the IGAF Worldwide North American Region are aware of many of the challenges you face, we have been able to make significant strides during the past year in addressing your most pressing needs. During 2006-2007, some of our achievements included:

» **Liability Protection** through our choice of "association" instead of "network" status. Now you have all the benefits of information sharing with a group of peers, without the liability difficulties that arise from sharing a common name, operating methods, or client data.

» **Robust Growth** in membership, which provides a greater body of knowledge to draw upon. We also experienced significant growth in conference attendance, peer request and practice management survey participation, and other opportunities for learning to manage difficult challenges.

» **Continued Financial Stability.** As firms' operating costs grow at a dramatic clip, the Board continues to work with staff to ensure effective use of your dues. In 2006-2007, we maintained the association's financial position while keeping our dues calculation unchanged for the fifth year straight – an achievement only dreamed of by other associations in the industry. Now and into the future, the North American Board is committed to offering your firm the most value possible for your dues contribution.

GROWTH AND SU

When I look back on all these accomplishments, I must offer my appreciation to Greg Colson, Managing Partner, Moore Colson (Atlanta, GA, USA) for his leadership during the past three years. During his tenure as Chairman, IGAF Worldwide North America underwent some of the most dramatic changes in its history, including a complete strategic overhaul and rebranding, addition of a full time marketing manager, creation of the wildly successful “participation model” for conferences, and addition of a number of vital and valued new member firms. His contributions will be appreciated by all of us for many decades to come.

Now, as I begin my tenure as chairman of the North American Region, I look forward to capitalizing on this forward momentum and making IGAF Worldwide the most powerful resource at your firm’s disposal. In 2008, I strongly encourage you and your partners to find even more ways to become an active and vital part of our association. Let’s make the coming year the most memorable in our history!

Regards,



Ken Baggett

Chairman, IGAF Worldwide North American Board of Directors and
Managing Principal, Reznick Group



ACHIEVE

ACCESS

ANNUAL REVIEW

Throughout North America, IGAF Worldwide firms are growing and becoming more profitable and successful than ever. As successes multiply, however, firms' paths to growth are becoming more diversified, and at times infinitely more challenging, than in the past. Markets ebb and flow, and client industries change focus and direction on a dime. Regulatory activity remains at a fever pitch. Highly effective practice management, recruiting & retention, marketing, and business development remain critical components for success.

Fortunately, IGAF Worldwide has made significant strides in helping member firms meet all these challenges and more. In fact, 2006-2007 was the year when North American firms made a strong commitment to preserving available tools and resources by confirming IGAF Worldwide's "association" status. Combined with increased activity in every area of member firm benchmarking, education, and information sharing, it truly was a banner year – and a marvelous lead-in to the firm's 30th Anniversary.

As member firms continued down their pathways to growth in 2006-2007, here are some of the ways IGAF Worldwide was able to contribute to their success and the continued success of the association:

ALWAYS AN ASSOCIATION, NEVER A NETWORK

What's in a name? If you belong to an association or network of accounting firms, a whole heck of a lot.



During 2006, IFAC (The International Federation of Accountants), acting through its ethics committee, acted to define the term “network” as related to a group of accounting firms. Groups qualifying as a “network” will be subject to new, stringent rules of conduct that include the sharing of all client data with a central source, potential of vicarious liability in the event of lawsuits, and much more.

Under the IFAC/EU definition, a network is:

“a structure which is aimed at cooperation and to which a statutory auditor or an audit firm belongs, and which is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality control policies and procedures, a common business strategy, the use of a common brand name or a significant part of professional resources.”

In the USA, the AICPA Professional Ethics Executive Committee (PEEC) is creating a similar definition and will have similar requirements for USA-based accounting firms who join a group like IGAF Worldwide.

With these major issues on the horizon, the IGAF Worldwide Boards – both regional and World – initiated a self analysis to see if IGAF Worldwide would fall under the IFAC definition of “network”.

Happily, the answer is NO. The decision to be an “association” and not a “network” means that IGAF Worldwide will essentially continue in its present form, without seeking to establish a common business strategy.

As we move through 2007-2008, there are steps that we in the North American Region must take to ensure that we are not confused with a “network” and bound by the strict regulations that govern network activity. More information on the actual steps in the process will be shared with member firms for implementation during the coming year.



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ROBUST MEMBERSHIP GROWTH

Internal growth at IGAF Worldwide has been robust, and we are pleased to welcome the following new member firms to the North American Region:

- » Hein & Associates LLP (Denver, CO, USA) – www.heincpa.com
- » O’Neill & Gaspardo LLC (Chicago, IL, USA) – www.oneill-gaspardo.com
- » Harper, Van Scoik & Company, LLP (Clearwater, FL, USA) – www.hvs-cpas.com

Enhancing this growth in membership is the fact that both new and existing IGAF Worldwide members throughout the North American Region are experiencing strong organic and acquisition-based growth.

As we celebrate our 30th Anniversary year, the association looks forward to a continued expansion, both in number of member firms and number of partners and staff at existing firms.

ADDRESSING PRACTICE MANAGEMENT NEEDS

Even more than in previous years, IGAF Worldwide’s North American Region capitalized on the concept of “strength in numbers” to bring high quality learning and development experiences to partners and staff of member firms.

Conferences. During 2006-2007, IGAF Worldwide offered more than 30 conferences, meetings, and teleconferences to address the interests and needs of member firms. All of these conferences experienced record attendance and superior ratings for technical content.

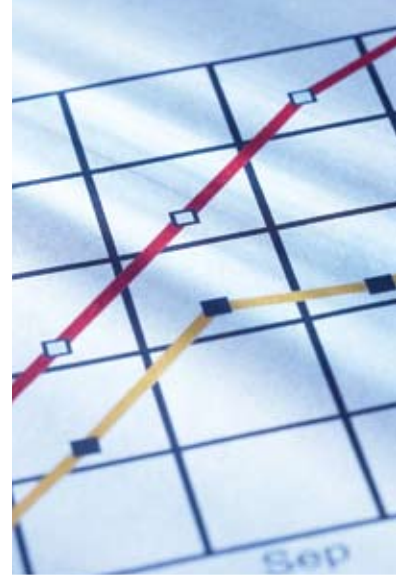
STRENGTH IN NU

For example, the 2007 Women's Leadership Conference in Miami, Florida was the best attended in that conference's 15 year history, and it boasted one of the strongest technical programs of any IGAF Worldwide conference in recent memory. Coming out of the meeting, partners and managers were so excited and committed to the conference's future success that representatives from over 20% of North American member firms volunteered to serve on the planning committee for 2008!

Extremely strong attendance and powerful information sharing at the 2006 Partner Leadership Conference in Las Vegas and continued strong support for the 2007 Business Assurance Conference marked other highlights of the conference year.

Because of its success and the continued growth in our conference attendance, the Board voted to continue the "participation model" dues structure. As before, the model creates a package for membership that includes one delegate registration to each of six key IGAF Worldwide conferences – Partner Leadership, North American Membership, Tax, Business Assurance, Women's Leadership, and Marketing Directors. In addition to the one complimentary registration, North American dues-paying firms also receive reduced subsequent registration fees for these conferences. By the May 31st year-end, the model proved its success once again and was approved by the Board for continuation into 2007-2008.

Even without the financial benefit of the "participation model" as an incentive, the North American region exhibited an extremely high level of participation in IGAF Worldwide conferences overseas during the past



GROWTH

MEMBERS

year. As member firms' client needs and scope of client base continues to grow, these meetings provide members with helpful content and the opportunity to share business-critical ideas. Last year in particular, North American firms were represented in record numbers at the 2007 Asia Pacific Conference in Melbourne, Australia, and more than once the USA had the largest representation of any country at meetings held in Europe.

Peer Review. The North American peer review program enjoyed another busy year, with 9 successful reviews conducted, and the Peer Review Committee continues to stress the importance of firm volunteers in our provision of this valuable service.

Practice Management Survey. The annual IGAF Worldwide Practice Management Survey was published in November 2006, providing participating firms in our region with a wealth of benchmarking data on practically every aspect of firm management and operations. In addition to the survey itself, our region's members found the roundtables at the 2006 Partner Leadership Conference that examined the data in more detail to be among one of the greatest benefits of membership they received during the year.

Task Forces and Peer Requests. In North America, the interest in sharing information and ideas across member firms continued to gather momentum. The Peer Request system received the most traffic in its history, with literally every firm in the North American region participating multiple times during the year. The new email based system is proving to be an unqualified success, enabling firms to get answers to their questions from peers quickly and efficiently.



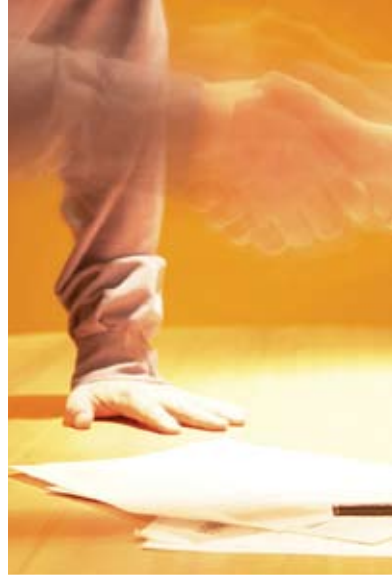
Task forces continued to gather momentum as well. The Marketing Directors Group had significant activity, with an average of 20 marketing directors participating in monthly teleconferences and more than 75 member firm marketers receiving twice-weekly “information resource” emails. Other task forces came into their own during the year, particularly Women’s Leadership, which now benefits from a weekly “information resource” email and will soon be conducting quarterly conference calls. Other groups in the process of formation and revitalization include construction, A&A, manufacturing, and financial management (CFO/controller).

PREPARING FOR MILESTONES

As we move through the association’s 30th Anniversary year, firms are taking more action than ever to capitalize on the benefits of IGAF Worldwide membership.

Attendance at events and participation in surveys continues to increase. New firms are expressing interest in joining. Current member firms are using the knowledge they gain from IGAF Worldwide as an essential part of the strategy that is propelling them to the forefront of the industry. We look forward to what the coming year will bring, and we encourage every firm to maximize its participation in IGAF Worldwide during the next 12 months.

The future awaits – and our best is yet to come.



BENCHMARKING



EDUCATION

IDEA EXCHANGE

BENCHMARKING

Practice Management Survey

Our detailed annual confidential survey of financial and operating statistics provides a valuable benchmark by which members can compare their independent operating results to other IGAF Worldwide firms of various sizes and income levels.

Partner Retreats

IGAF Worldwide managing partners and the IGAF Worldwide North American President use an exclusive process to help partners candidly discuss the strengths and weaknesses of their firm and learn ways to improve.

Engagement Reviews

Member firms can have a post-issuance review of one or a few engagements to help augment the firm's internal inspection process. The review is performed by a member firm partner well versed in accounting and auditing.

Inspection Support Reviews

Member firms may request an audit, using agreed-upon inspection procedures, by a member firm partner well versed in accounting and auditing. The reviewer reports orally on the results and all written review materials are given to the firm.

Peer Reviews

The IGAF Worldwide peer review program provides U.S. member firms with a periodic, comprehensive outside evaluation of their accounting and auditing practices. Peer reviews are performed in accordance with AICPA Standards for Performing and Reporting on Peer Reviews and are compliant with AICPA and state society requirements.

Profit Enhancement Program

In an intensive review of administrative procedures, member firms can have their managerial strengths and weaknesses examined by practitioners closely involved in firm management.

Tax Practice Reviews

In an intense two day review, IGAF Worldwide tax practice reviewers evaluate and suggest improvements in all major areas of the organization and operation of a firm's tax practice.

EDUCATION

Continuing Professional Education

IGAF Worldwide holds more than 35 CPE-qualified conferences, workshops, and teleconferences annually. It's CPE at its best – a blend of specialized knowledge from firm partners, insight from nationally known authorities, and a free exchange of experiences and ideas.



Tax Conferences

Held annually in the USA and twice a year in Europe, tax conferences feature intense networking and information sharing about a wide range of topics critical to tax professionals.

Business Assurance Conference

This conference focuses on helping partners manage issues that surround creating, growing, and maintaining a successful audit & accounting practice.

Partner Leadership Conference

Devoted to the free exchange of management ideas and techniques, this annual gathering of member firm partners addresses the special needs and responsibilities of firm leaders.

Marketing Directors Conference

At this conference, member firms' marketing directors exchange valuable information on practice development, selling, referrals, organization, management and productivity.

Firm Administrators Meeting

At this annual event, Firm Administrators discuss legal, HR and administration issues among peers and learn about new trends and ideas from well-known speakers.

Regional Conferences

Partners from member firms meet regularly within their region to share ideas and discuss topics



of interest. Firms from other regions also attend to network and learn about new and different business tools and techniques.

Leadership Forums

The Women's Leadership Conference addresses development needs of female partners and staff; the Future Leaders Symposium gives up-and-comers tools to excel and prosper.

IDEA EXCHANGE

Peer Request System

IGAF Worldwide's 25 industry and job-specific peer request groups link partners and staff provide forums to ask specific questions and exchange ideas.

Practice Management Roundtables

IGAF Worldwide members hear breakthrough ideas from recognized speakers, exchange management advice, and share best practices that affect firms' bottom lines.

Private Web Site

Our private Web site allows member firm partners and staff to share firm news, exchange information, register for events, and conduct research in an extensive cache of white papers, marketing information, technology, State Society contacts, and more.

The Exchange Newsletter

This quarterly newsletter provides a closer look at the achievements and successes of IGAF Worldwide's independent member firms, in addition to focusing on the events and activities conducted by the association.



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