The AI Revolution in 2026: What CPAs Should Know

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Presented By
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Rochester, Michigan

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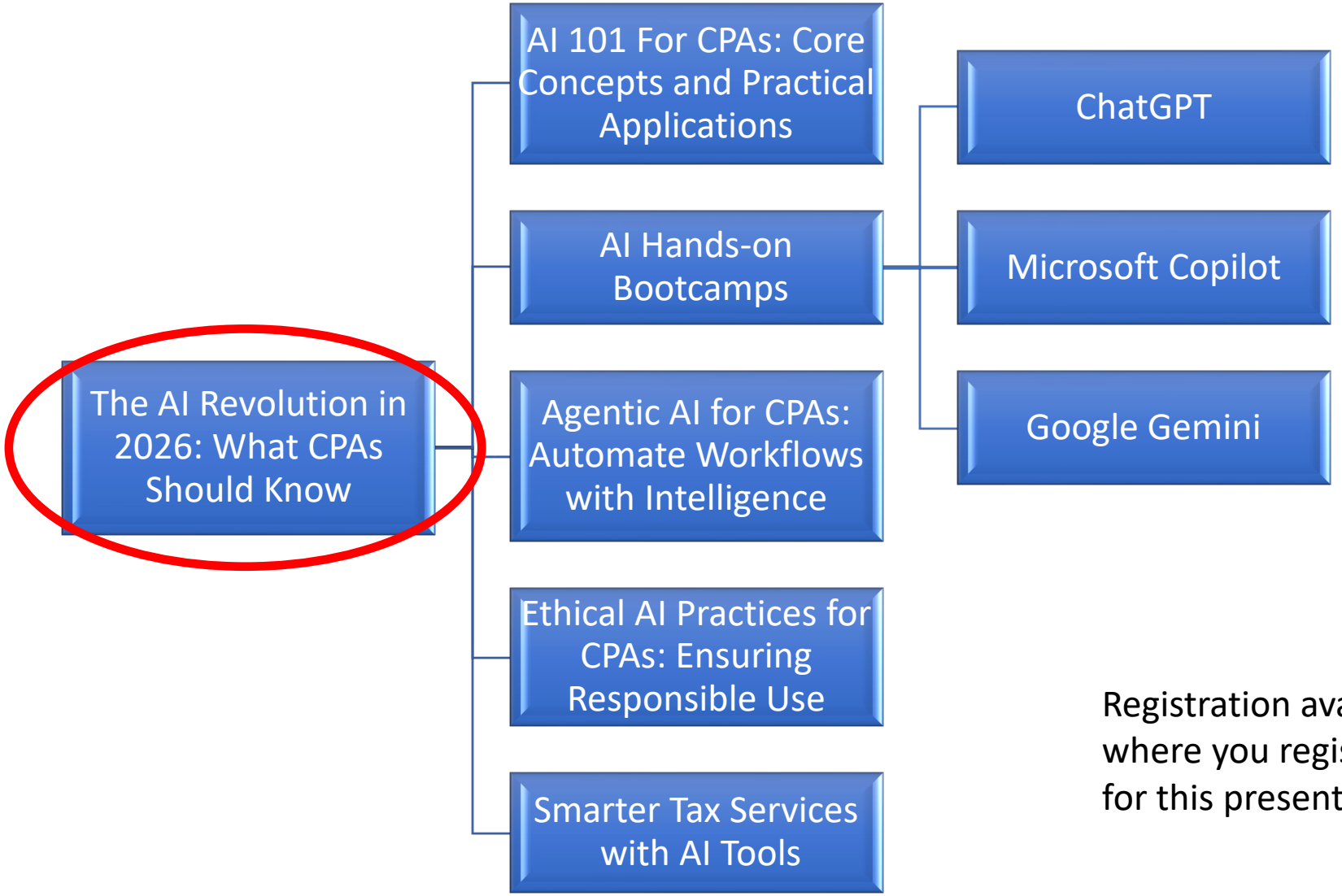
2026 Higgins Advisory AI Curriculum



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Learning Objectives

- Assess recent advancements in AI technology and its implications for CPAs.
- Distinguish key categories of AI technology.
- Recognize relevant AI nomenclature.
- Identify high-impact CPA use cases and associated risk management considerations.

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John H. Higgins, CPA.CITP

Strategic Technology Advisor

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- Nationally recognized thought leader, advisor, author and speaker on CPA technology
- Strategic technology advisor to the profession w/ 35+ years of experience
- Founded and sold two CPA technology advisory startups
- Former National Mid-market Technology Partner - BDO
- CPA Practice advisor Top 25 Thought Leader for the CPA profession
- AICPA Business & Industry Hall of Fame Inductee
- Past Chair of the Michigan Association of CPAs
- Passionate advocate for the CPA profession!

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Presentation Outline

- The State of AI in 2026
- AI Use Cases for CPAs Today
- Key AI Concepts and Nomenclature
- AI Tools for Business Transformation
- Risk Management and AI Responsible Use
- Roadmap to Developing Your AI Strategy
- AI Glossary

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Poll: How would you describe your current level of AI usage?

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Poll: Which of the following do you believe is the most challenging aspect of AI technology?

The State of AI in 2026

BUSINESS IMPACT

TECHNOLOGY

ADOPTION

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Evolution of Technology Platforms

Mainframe
The foundation of computing power

Personal Computer
Democratized access to technology

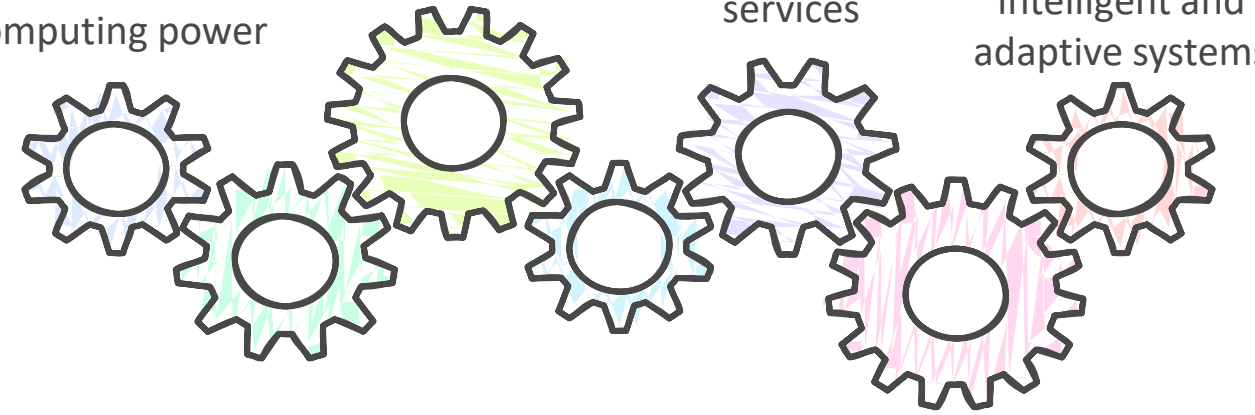
Local Area Networks
Enabled connectivity among devices

Internet
Revolutionized global communication

Cloud
Provided scalable resources and services

Mobile Technology
Brought computing to us 24/7

Artificial Intelligence
Introduced intelligent and adaptive systems



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Progression of AI Technology

1

Narrow AI (current)

- Designed to perform specific tasks.
- Operate within a limited context.

2

Artificial General Intelligence (AGI)

- Possesses the ability to understand, learn, and apply intelligence across a wide range of tasks.
- On par with human cognitive abilities.

3

Artificial Super Intelligence (ASI)

- Surpasses human intelligence and capability.
- Potentially leading to unprecedented advancements and challenges.

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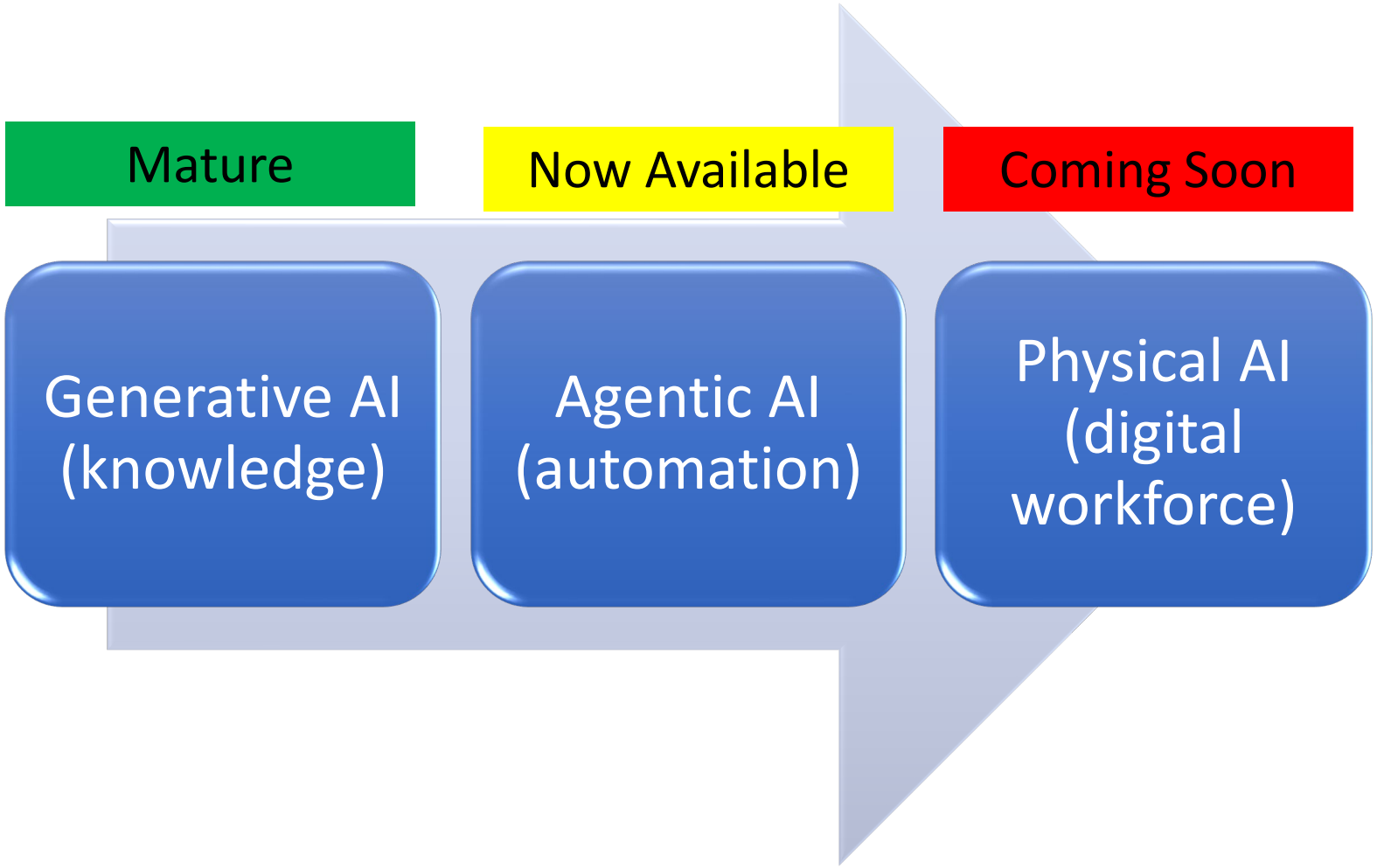
Near Term AI Technology Evolution



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Microsoft and AI

"I think the notion that business applications exist, that's probably where they'll all collapse, right in the agent era!"

Satya Nadella, Chairman and CEO
Microsoft

Gartner® Hype Cycle for AI, 2025

- Generative AI has entered the “Trough of Disillusionment”
- Agentic AI is at the “Peak of Inflated Expectations”
- Both have 2 to 5 years to reach the “Plateau of Productivity”
- Artificial General Intelligence (AGI) is > 10 years away

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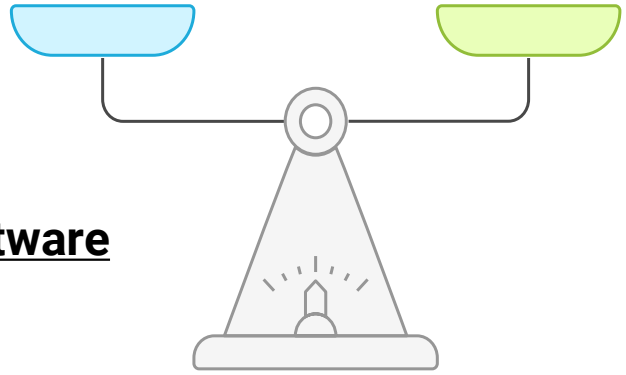
The Future of Information Systems

Multiple SaaS Applications

AI as a Single Interface

Data Scattered Across Systems

Data Centralized in AI



Traditional Software Model

AI Model

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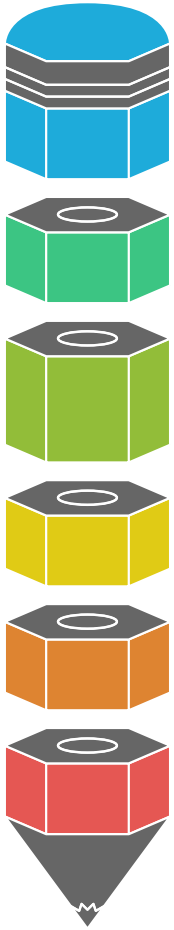
Poll: What best describes your view of AIâ€™s impact on the CPA profession over the next 3 years?

AI's Use Cases for CPAs Today!



Learning
Enhances continuous professional development

Advanced Research
Provides deeper insights into financial data

Easy / Low Risk

Riskier

Advanced Data Analysis
Improves forecasting and decision-making

Content Creation
Streamlines report and documentation generation

Invaluable

Innovation
Drives new approaches to accounting practices

Let Agentic AI Evolve

Workflow Automation
Optimizes processes to save time and reduce errors

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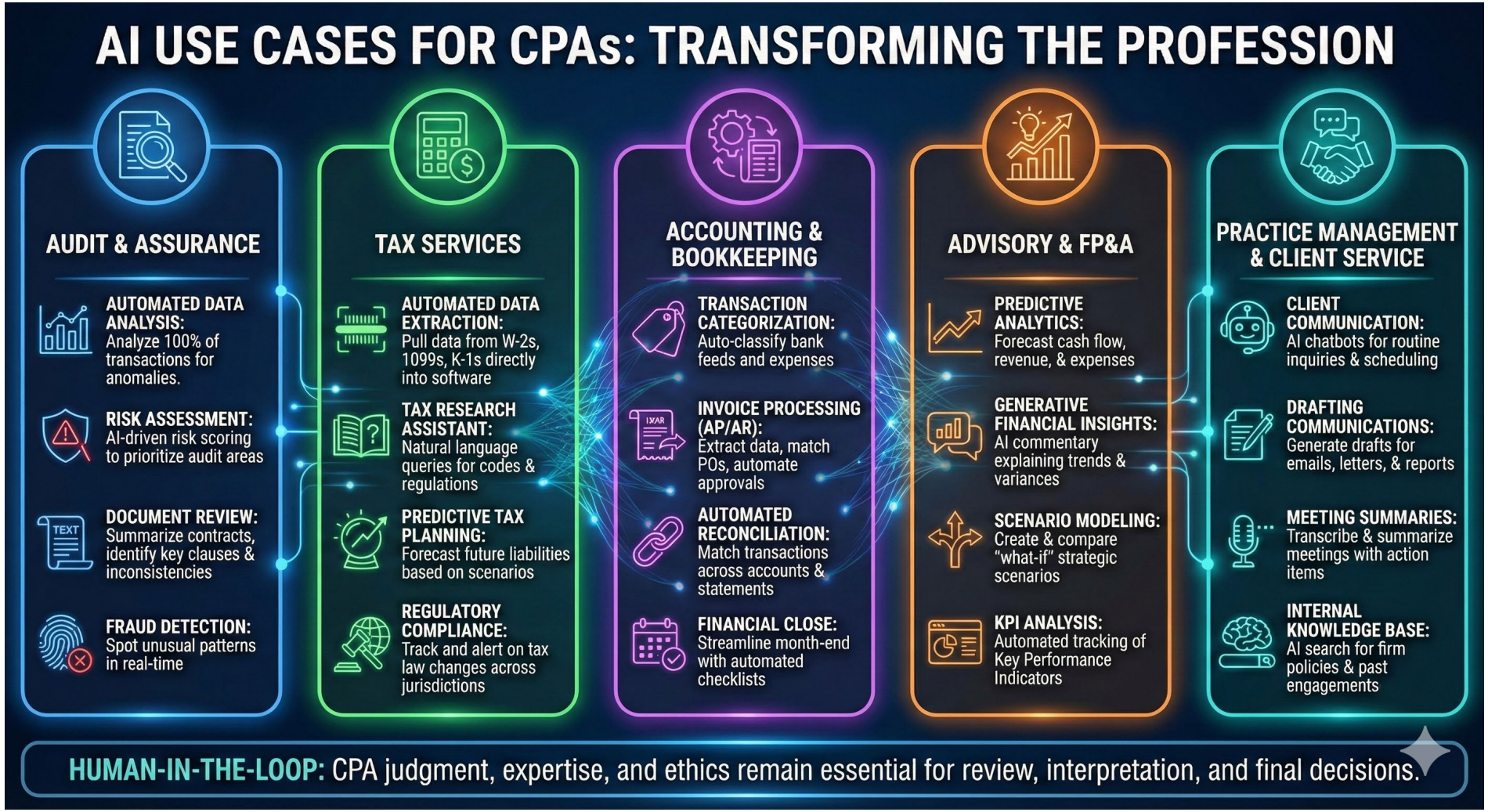

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KEY AI CONCEPTS AND NOMENCLATURE

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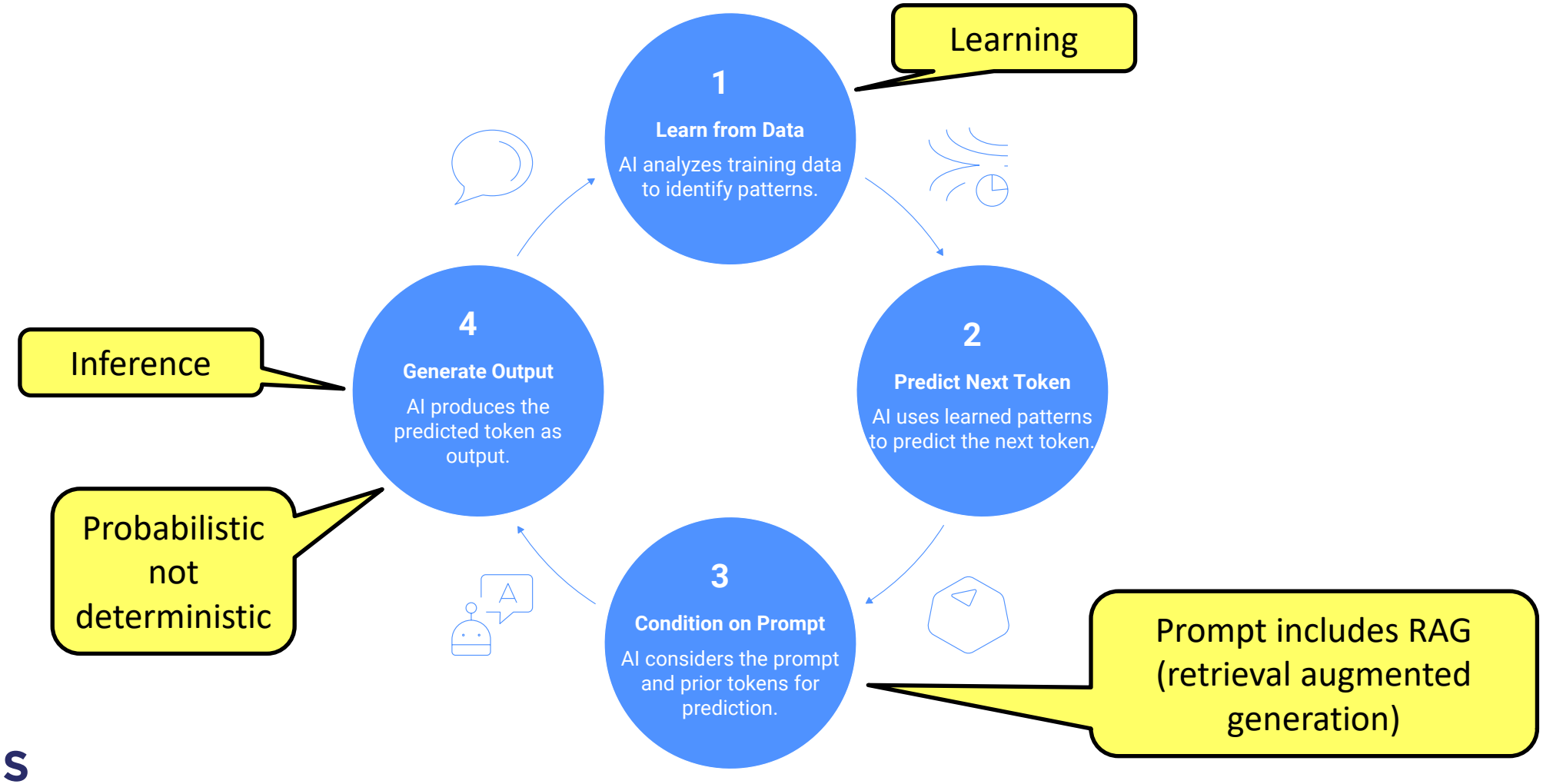
AI **Thinking** Cycle



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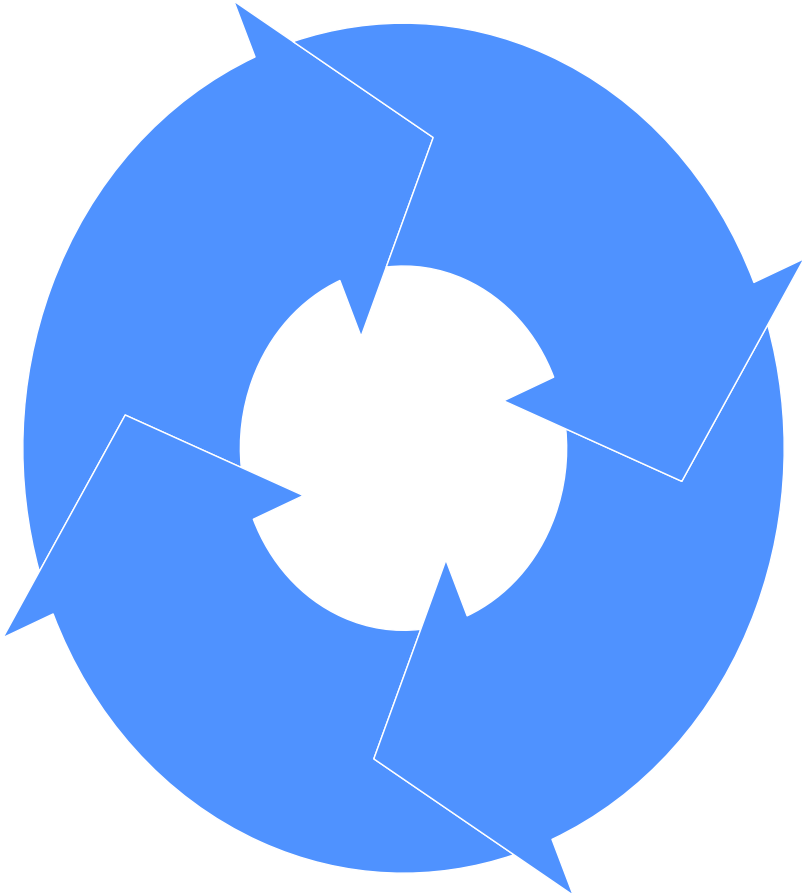
AI (Simulated) Reasoning Cycle

Produce Output

Generate logically consistent results

Break Down Task

Divide complex tasks into manageable steps



Maintain Context

Keep track of information across steps

Apply Rules

Use rules and constraints to guide reasoning

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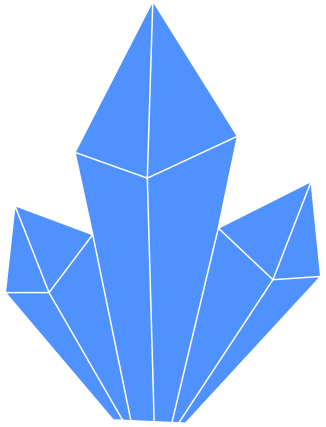
Tokens

- Basic unit of text processed by generative AI
- May be a word or part of a word
- Impacts the cost of processing a prompt or running an agent
- Context window equals the maximum tokens included in a chat conversation (including RAG)

Token Examples

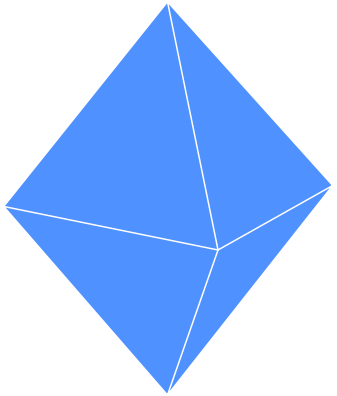
Text	Approximate Tokens
“audit”	1 token
“auditing”	2 tokens (audit + ing)
“$1,250,000”	3–5 tokens
“ASC 606”	2–3 tokens
“nonprofit”	1–2 tokens

Fine Tuning an AI Model



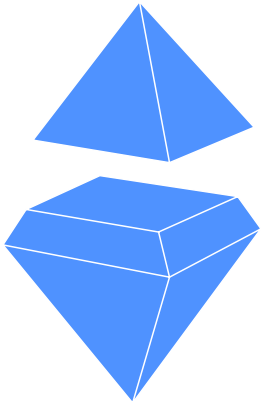
Pre-trained Model

General AI model with broad knowledge



Specialized Dataset

Smaller, domain-specific dataset



Further Training

Training the model on the specialized dataset

Fine-tuned Model

Model optimized for a specific task

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Poll: How confident are you in the accuracy of AI-generated outputs?

Vibe Coding

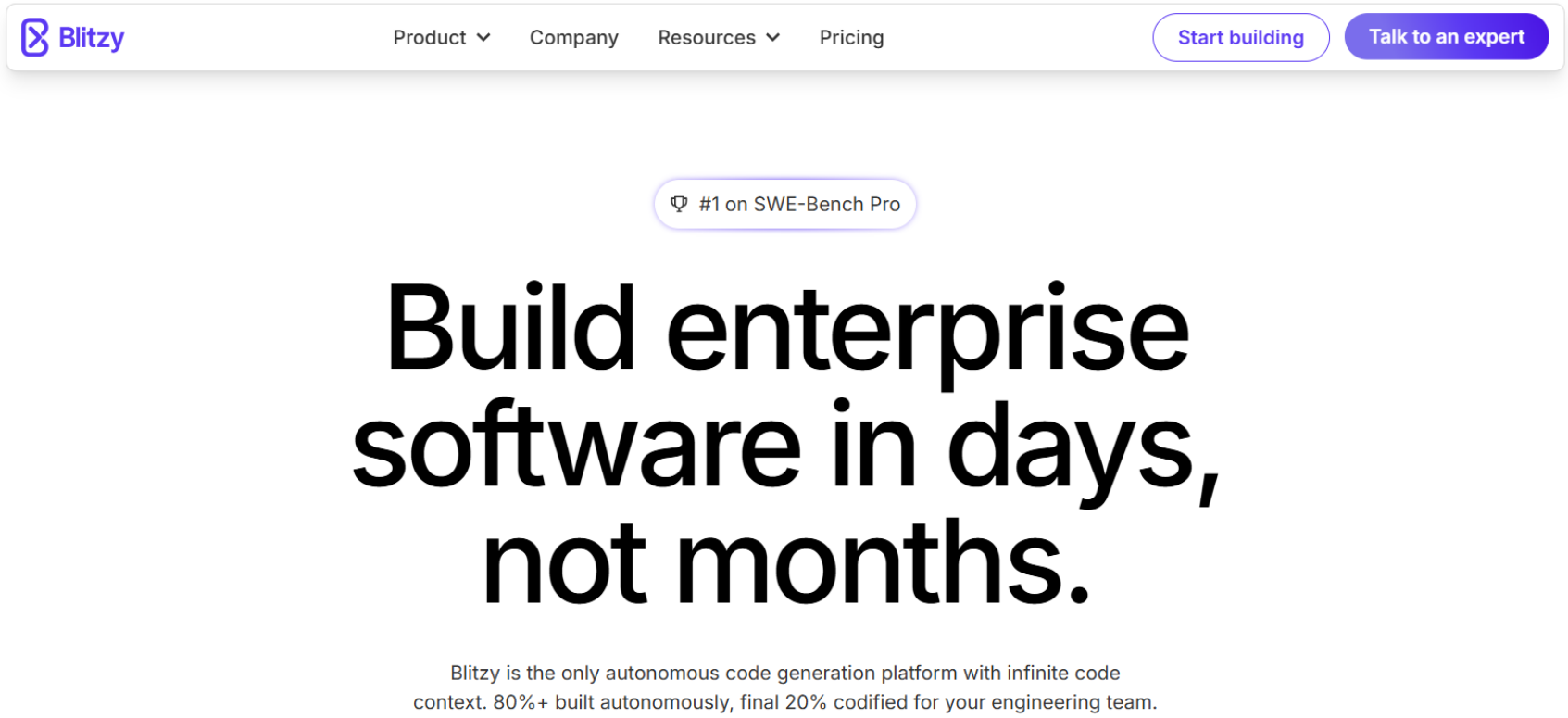
- Software coding using natural language prompts and AI

Replit
Lovable
Claude Code
OpenAI Codex
Cursor

Case Study – Vibe Coding

- Create an application to generate an income tax organizer to send to my clients for gathering the data and documents necessary to process their personal income tax return.

Blitzy Autonomous Software Coding



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AI TOOLS FOR BUSINESS TRANSFORMATION

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AI **Tech Stack** Selection Considerations

- AI tools are evolving really, really, rapidly!
- AI native vs. AI infused
- Look to existing vendor solutions
- Due diligence on privacy, accuracy, reputation
- Identify where you can benefit the most
- Start simple!

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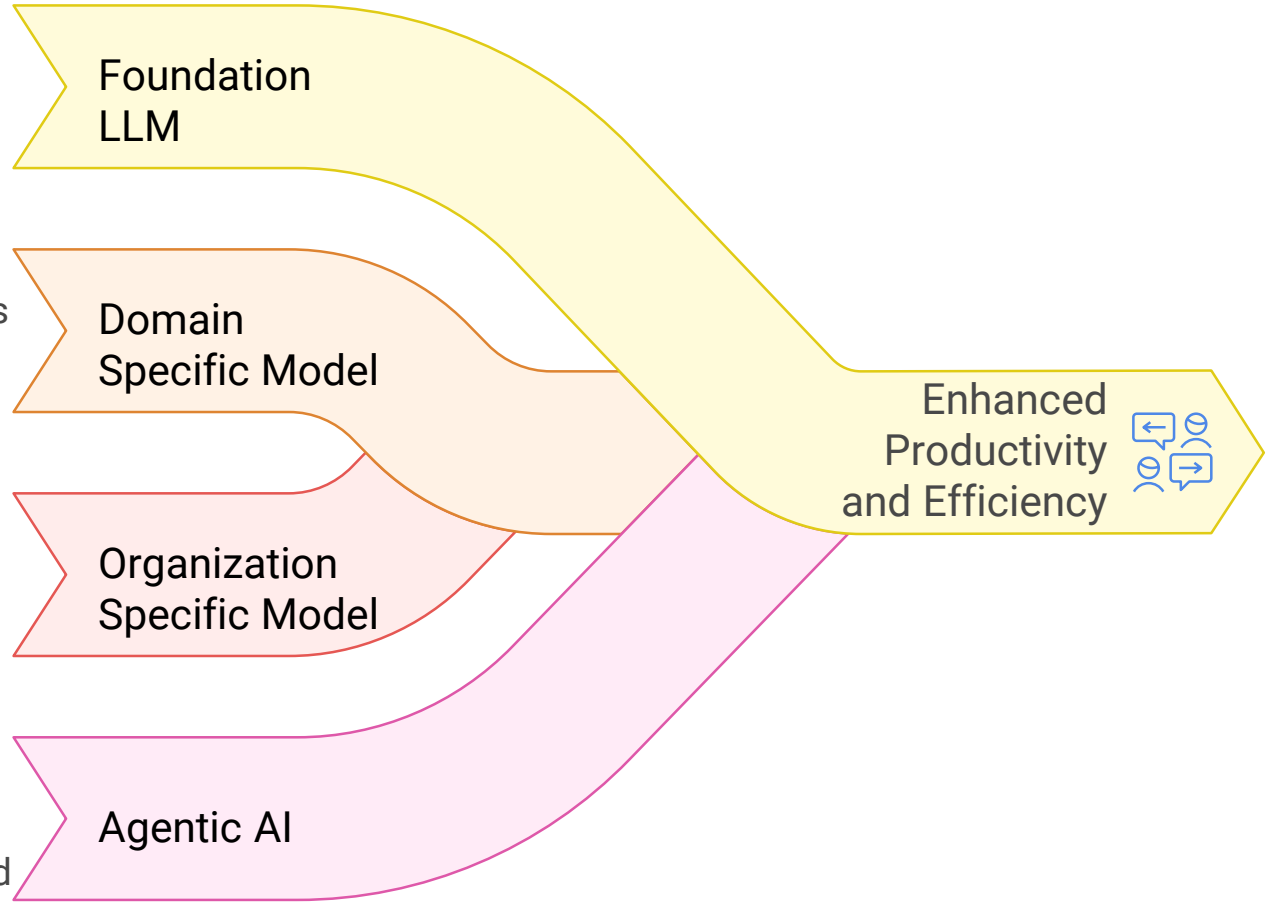
AI Tools for Business Transformation Today

1. Provides a robust base for diverse AI applications.
2. Tailored AI solutions for specific industry needs.
3. Customized AI aligning with organizational operational requirements.
4. Enables autonomous decision-making and workflow automation.



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Popular Generative AI Apps aka Foundation Models

- ChatGPT (OpenAI)
- Claude (Anthropic)
- Copilot (Microsoft)
- Grok (xAI)
- Gemini (Google)
- Llama (Meta)
- Perplexity

RISK MANAGEMENT AND RESPONSIBLE USE

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AI Governance / Usage Considerations

- ✓ Acceptable use policy
- ✓ Approved tools
- ✓ Documentation / Disclosure policy
- ✓ Validation / verification policy / process
- ✓ Prompt management / approval process
- ✓ Data access controls

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ROADMAP TO DEVELOPING YOUR AI STRATEGY

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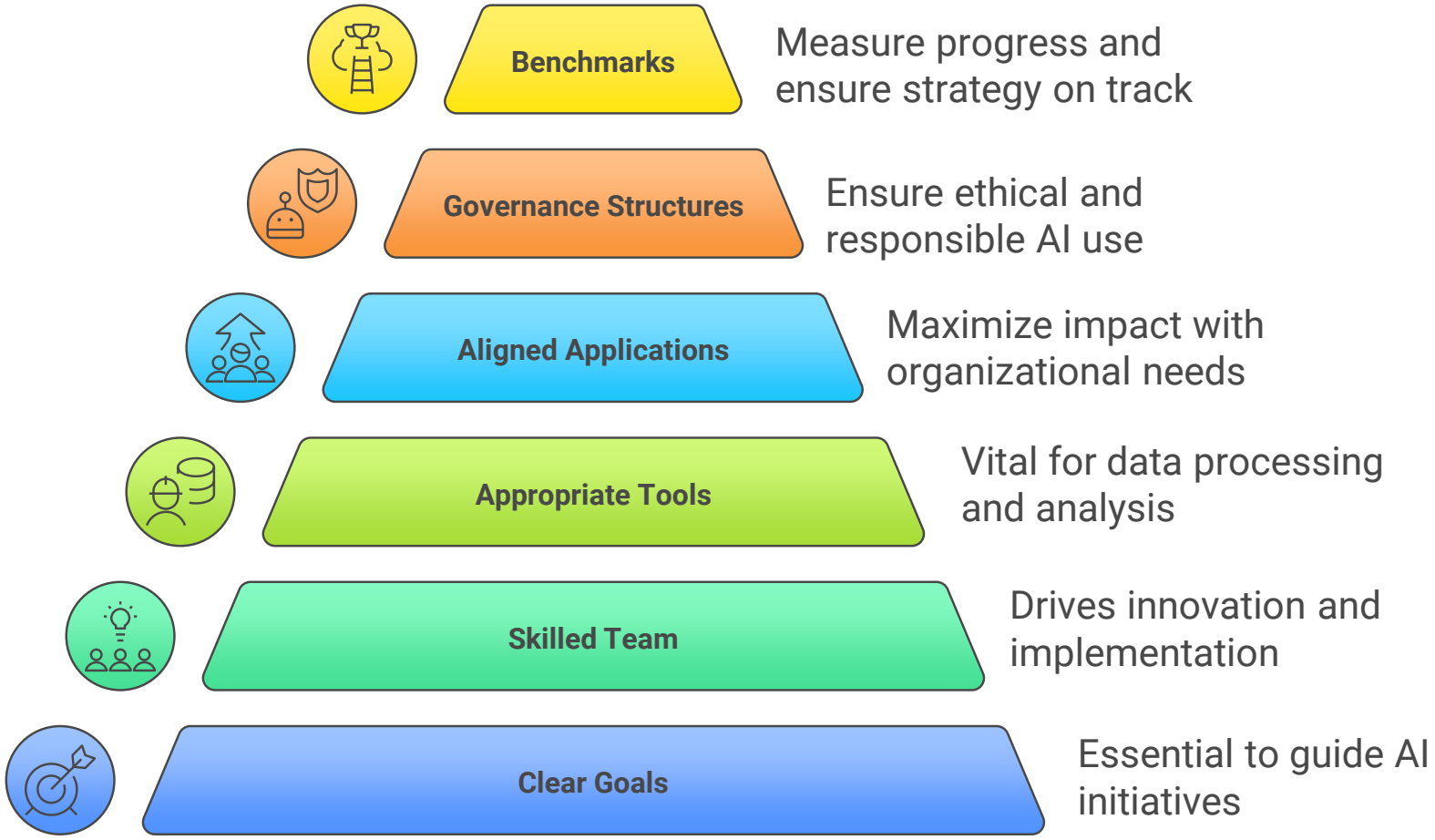
Poll: What is the biggest barrier preventing you from using AI more?

AI Strategy Success Pyramid



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AI Strategy Goal Setting

- AI enabled (evolutionary) vs. AI native (revolutionary)
- Efficiency / productivity
- Revenue / profitability
- Client satisfaction / retention
- Innovative services

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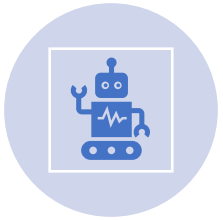
Team Considerations (Talent Stack)

UPSKILL / NEW HIRES

AI EDUCATION IS IMPERATIVE



AI TECHNICAL CHAMPION(S)

INVOLVEMENT

COMMUNICATIONS

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AI Deployment Success Benchmarks

- Revenue per employee
- Revenue per client
- Assets Under Management (AUM) Growth
- Client engagement rate
- Net promoter score

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Getting the Process Started

Use AI to help you develop **your** process

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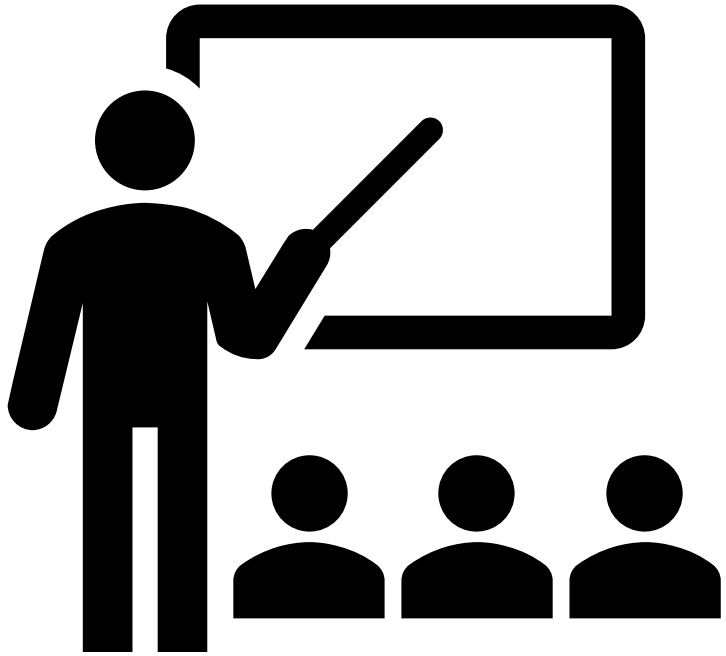
WRAP-UP



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In Summary

- AI technology can transform your firm
- The speed of AI evolution is unprecedented
- Taking a strategic approach is imperative
- Don’t sit on the sidelines!

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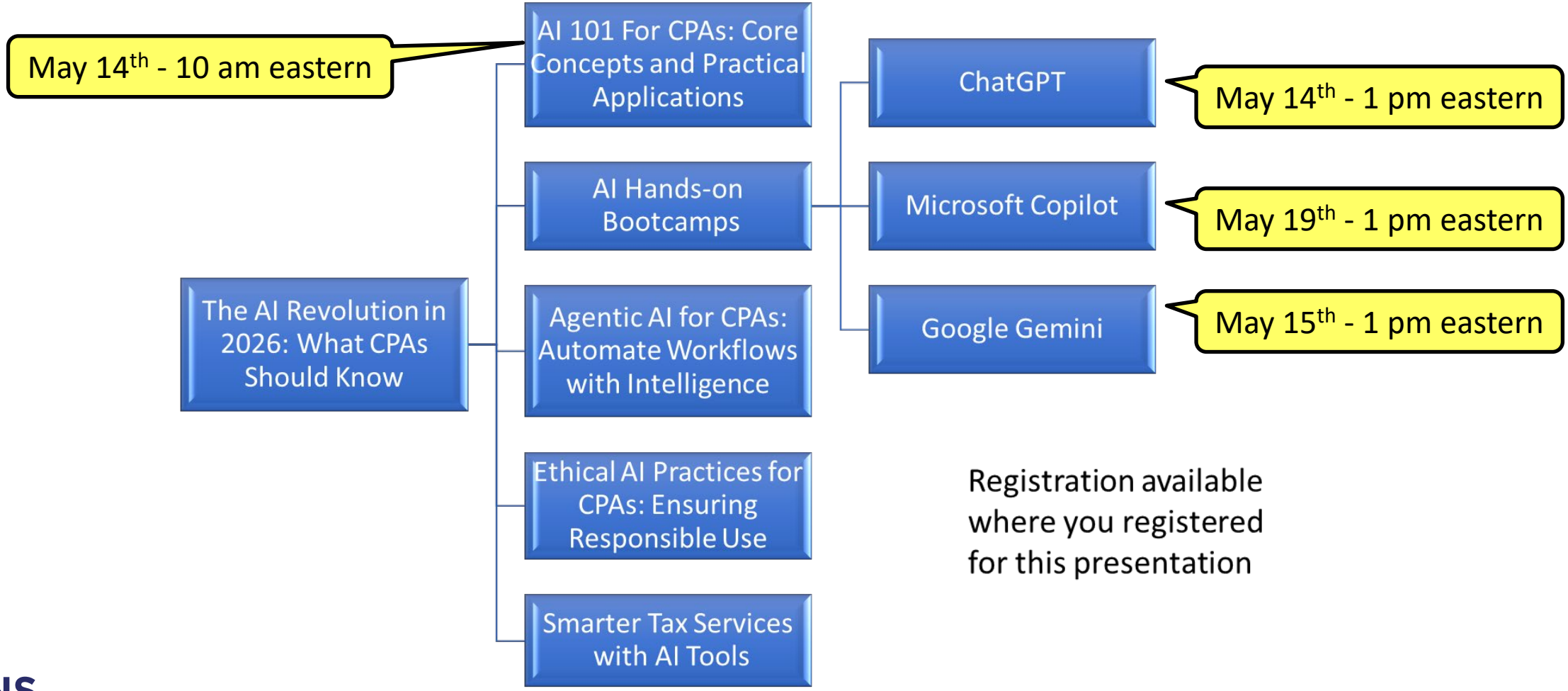
Next Webinar in the Series



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Thank you!!!

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AI GLOSSARY

Glossary created by ChatGPT

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AGI (Artificial General Intelligence)

Human-level intelligence across most cognitive tasks.

Agentic AI

AI that plans, acts, and adapts to achieve goals.

AI Ethics

Principles guiding responsible, fair, and trustworthy AI use.

AI Governance

Policies and controls managing
AI risk and accountability.

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AI-Enabled

Traditional processes enhanced using AI tools.

AI-Native

Processes designed around AI from inception.

ASI (Artificial Superintelligence)

Intelligence far exceeding human cognitive abilities.

Autonomous

Operates independently without continuous human oversight.

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BCI (Brain–Computer Interface)

Direct communication between brain and external devices.

Benchmarking

Comparing AI performance against standardized tasks or metrics.

Closed Source aka Proprietary

Privately owned Artificial Intelligence models, restricted access, limited modification, controlled distribution.

Context Window

Amount of information a model can consider simultaneously.

Data Leakage

Unintended exposure of sensitive data through AI systems.

Explainability

Ability to understand and justify AI outputs.

Fine Tuning

Additional training on task-specific or proprietary data.

Foundation Model

Broad pre-trained model adaptable to many tasks.

Generative AI

Creates new content from learned data patterns.

Guardrails

Constraints preventing unsafe or noncompliant AI behavior.

Hallucination

Confidently generated but incorrect or fabricated output.

Human-in-the-Loop

Human review integrated into
AI decision workflows.

Inference

Generating outputs using a trained AI model.

Latency

Time delay between input and response.

LLM (Large Language Model)

Model trained on massive text datasets.

Model

Trained system producing probabilistic outputs from inputs.

Multi-modal

Processes multiple data types simultaneously.

Open Source

Publicly available Artificial Intelligence models, freely used, modified, shared.

Orchestration

Coordinating multiple AI tools, agents, or workflows.

Physical AI

AI embedded in machines interacting with the physical world.

Pre-Trained

Initially trained on large, general-purpose datasets.

RAG (Retrieval Augmented Generation)

Combines retrieved data with model-generated responses.

Reasoning

Ability to infer, plan, and draw conclusions logically.

Return on AI (ROAI)

Measured business value generated from AI investments.

Semantic

Focused on meaning, context, and relationships.

Singularity

Hypothetical point of rapid, uncontrollable AI intelligence growth. Where AI is smarter than all of humanity

Synthetic Data

Artificially generated data resembling real datasets.

Token

Smallest text unit processed by a model.

Transformer

Neural architecture using attention for sequence modeling.

Vibe Computing

Software coding using natural language prompts and AI

Workflow Automation

AI-driven execution of multi-step business processes.