



2026 WICPA NOT-FOR-PROFIT ACCOUNTING CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



ECONOMIC & FINANCIAL MARKET OUTLOOK: POSSIBILITIES & PROBABILITIES

Cut through the uncertainty and explore the economic and market trends that could shape the years ahead



ACCOUNTING, AUDITING & TAX UPDATE

Stay ahead of the latest accounting, auditing and tax developments affecting not-for-profit organizations



AI & CYBERSECURITY

Discover how AI is changing cybersecurity and what you can do to protect your organization

WEDNESDAY, SEPT. 16 | WICPA CPE LIVESTREAM

2026 WICPA NOT-FOR-PROFIT ACCOUNTING CONFERENCE

MATERIALS AT A GLANCE

The following materials are from the afternoon sessions of the 2026 WICPA Not-For-Profit Accounting Conference held on Wednesday, Sept. 16, including:

- Economic & Financial Market Outlook:
Possibilities & Probabilities
- AI & Cybersecurity
- Investment Policy Best Practices
- Ethical AI Practices for CPAs: Ensuring Responsible Use

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2027
WICPA
Excellence
★ ★ ★
★ ★ A W A R D S



NOMINATE SOMEONE YOU KNOW FOR AN EXCELLENCE AWARD!

- ★ Accounting Educator
- ★ Accounting Student
- ★ Business & Management
- ★ CPA in Public Practice
- ★ Community Service
- ★ Distinguished Career
- ★ Diversity & Inclusion
- ★ Woman to Watch
- ★ Young Professional

Submit your nomination at wicpa.org/awards by Nov. 20, 2026.

Recipients will be announced in January and honored at the
Member Recognition Banquet & Annual Business Meeting on May 7, 2027.

The individual nominated must be a WICPA member.

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(a \$300-\$400 value!)
- ⌚ Exclusive networking
- ⌚ Leadership skill development
- ⌚ Recognition for your WICPA involvement
- ⌚ Informal CPE credit

* To receive free conference registration:

- attend one planning meeting ~ 2 hours
- select topics
- contact speakers
- introduce speakers at conferences

2027 CONFERENCES Accepting Volunteers

MARCH
23

BUSINESS & INDUSTRY
SPRING CONFERENCE

MAY
13

FINANCIAL INSTITUTIONS
CONFERENCE

MAY
20

SCHOOL DISTRICT AUDIT
CONFERENCE

SEPT.
14

NOT-FOR-PROFIT
ACCOUNTING CONFERENCE

SEPT.
TBD

BUSINESS & INDUSTRY
FALL CONFERENCE

NOV.
9

ACCOUNTING & AUDITING
CONFERENCE

NOV.
15-16

TAX
CONFERENCE



For more information or to join a committee, visit
wicpa.org/committees.



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Get in on the Action

- Post Job Openings
- Upload Your Resume
- Find Your Next Role

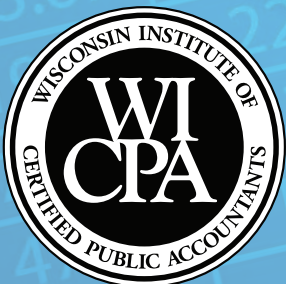
Start your search today: wicpa.org/CareerCenter.

TRACK YOUR CPE WITH THE WICPA'S CPE TRACKER

The CPE Tracker is an easy to use tool created to keep track of all your CPE in one convenient location.

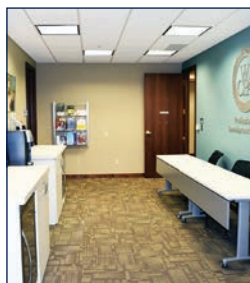
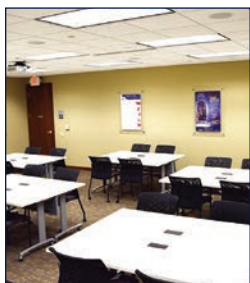
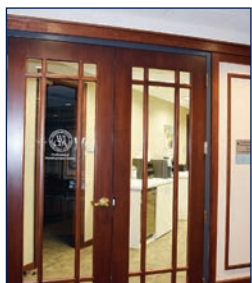
- Automatically tracks WICPA formal learning activities
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- Equipped with the latest A/V equipment
- Free high-speed Wi-Fi
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- Coordinated catering and refreshments



Training Center

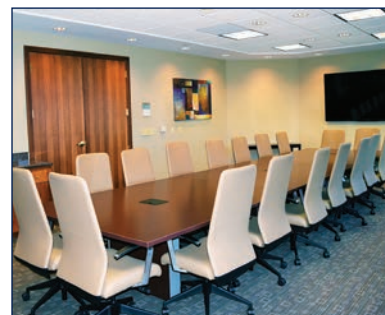
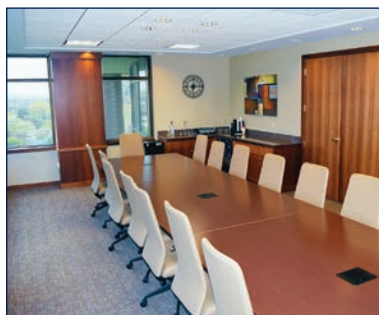
- Seats up to 60 (full room)
- Can be split to accommodate smaller groups
- Flexible room setups: Classroom, Pods, U-shape, Hollow Square
- Ceiling-mounted projector and retractable screens with multiple A/V connections
- Large whiteboards and Blu-ray/DVD player
- Electrical outlets in each table
- Private entrance and registration area
- Catering and refreshment area

	Full Room	Half Room
Member	\$500/day	\$350/day
Nonmember	\$600/day	\$450/day

Executive Boardroom

- Seats up to 20
- 80" TV with multiple A/V connections
- Equipped for video conferencing
- Granite countertop with sink and refrigerator

Member	\$300/day
Nonmember	\$400/day



For more information, visit wicpa.org/MeetingSpaces, or to schedule a tour or reserve space, contact the WICPA CPE Department at 262-785-0445.



SAVE THE DATE!

UPCOMING WICPA CONFERENCES & SPECIAL EVENTS

CONFERENCES

WICPA conferences are your source for key updates and insights on timely issues. As a WICPA member, you can save up to \$150 on registration!

Accounting & Auditing Conference

Tuesday, Nov. 10

WICPA Office & WICPA CPE Livestream

Tax Conference

Monday, Nov. 16 - Tuesday, Nov. 17

Brookfield Conference Center & WICPA
CPE Livestream

Accounting Technology Conference

Thursday, Dec. 17

WICPA Office & WICPA CPE Livestream

Business & Industry Spring Conference

Tuesday, March 23, 2027

Brookfield Conference Center & WICPA
CPE Livestream

Financial Institutions Conference

Thursday, May 13, 2027

WICPA CPE Livestream

School District Audit Conference

Thursday, May 20, 2027

WICPA CPE Livestream

SPECIAL EVENTS

WICPA special events are unique opportunities to connect with fellow members and provide a great way to socialize and have fun!

Bowling Night

Thursday, April 29, 2027

New Berlin Ale House

Member Recognition Banquet & Annual Business Meeting

Friday, May 7, 2027

Brookfield Conference Center

New CPA Banquet

Friday, June 11, 2027

Brookfield Conference Center

Golf Outing

Friday, Sept. 17, 2027

Ironwood Golf Course

Conveniently attend WICPA conferences from anywhere with an internet connection!

» **Visit wicpa.org/cpe for a complete list of Livestream & On-Demand options**



Registration opens approximately eight weeks prior. For more details about each and to register, visit wicpa.org/conferences and wicpa.org/events.

12:20 – 1:35 p.m.

Economic & Financial Market Outlook: Possibilities & Probabilities

Clare Zempel, CFA, CBE, *Principal, Zempel Strategic*



WICPA Not-For-Profit Conference

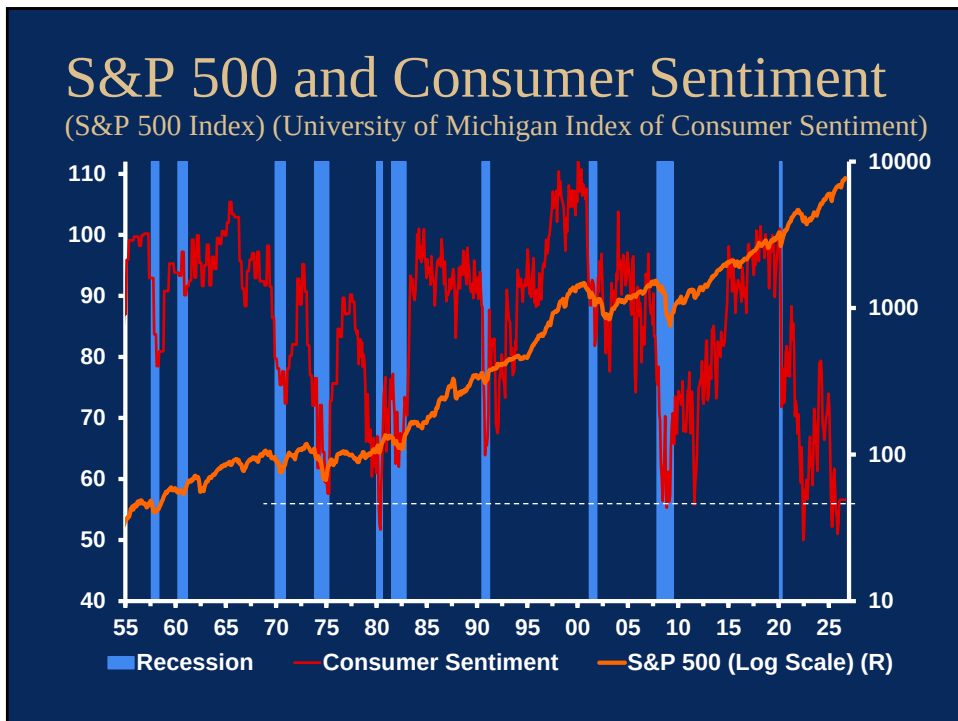
The Economic and Market Outlook 2026 – 2028

Clare Zempel, CFA, CBE
Economist and Investment Strategist

WICPA Livestream
September 16, 2026

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1



2



WICPA Not-For-Profit Conference

The Economic and Market Outlook 2026 – 2028

Questions

- Recession Risk
- Inflation Trend
- Real Growth Trend
- Federal Reserve Policies
- Fiscal Policies
- Interest Rates
- Sectoral Prospects
- Stock Market Risk

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3



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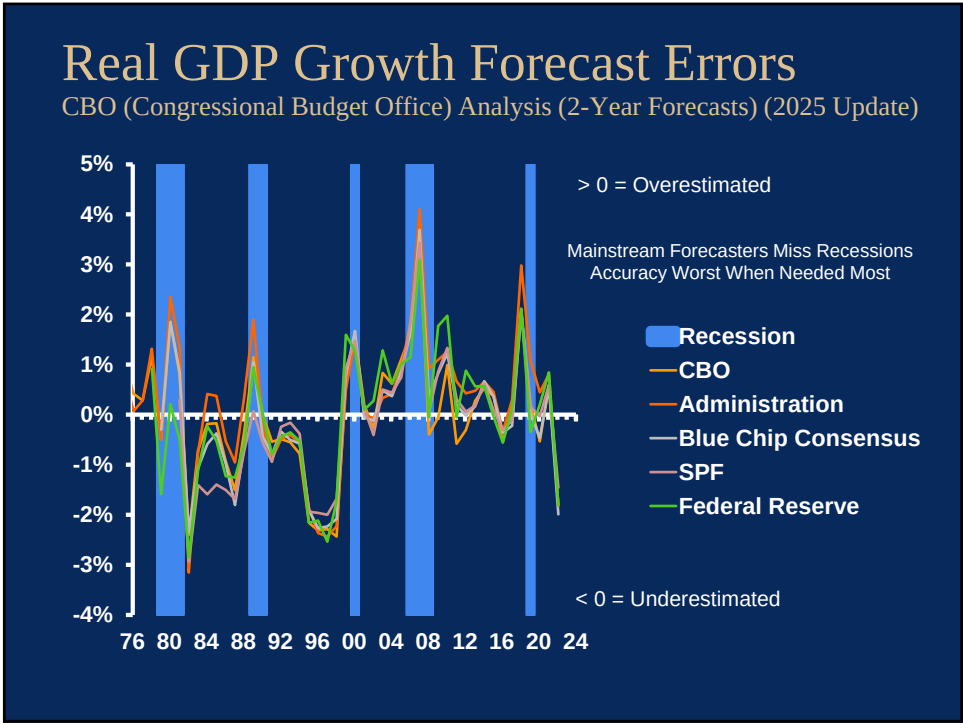
The Economic and Market Outlook 2026 – 2028

Questions

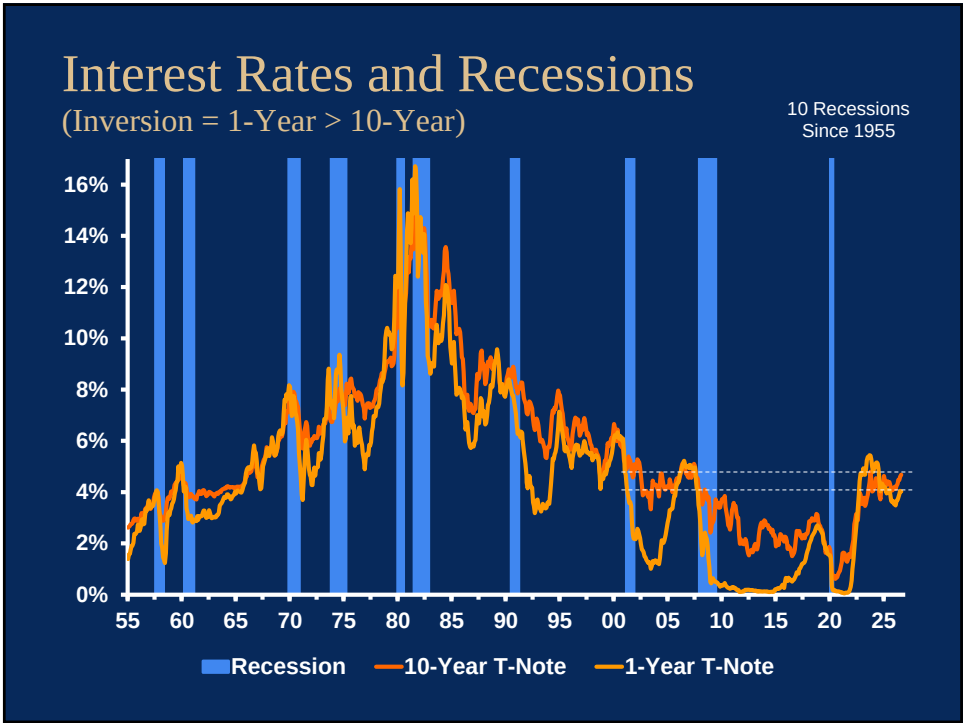
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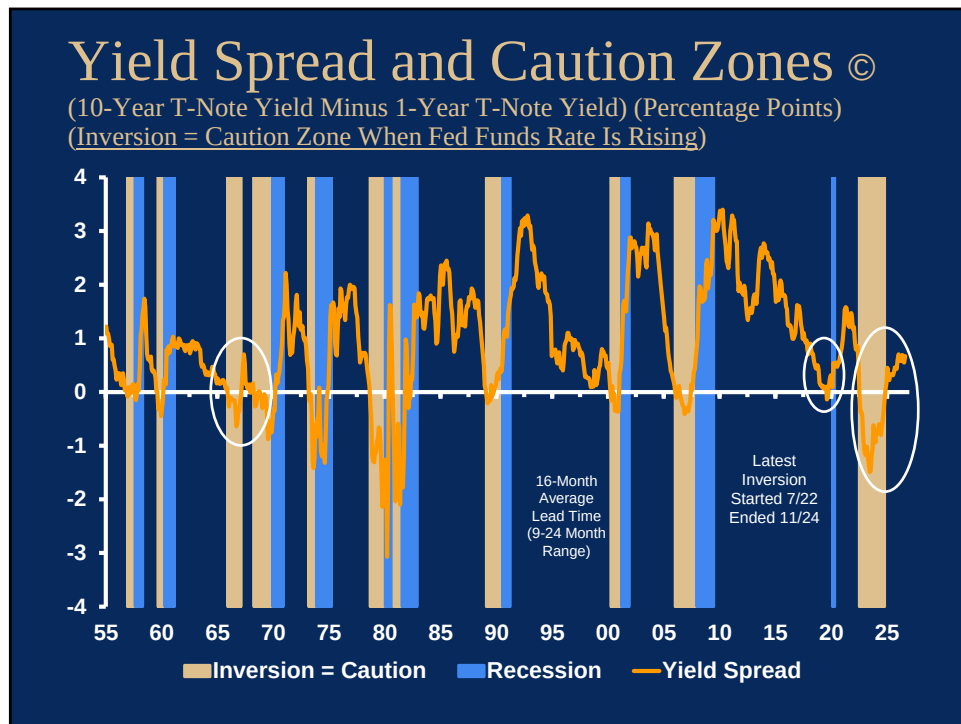
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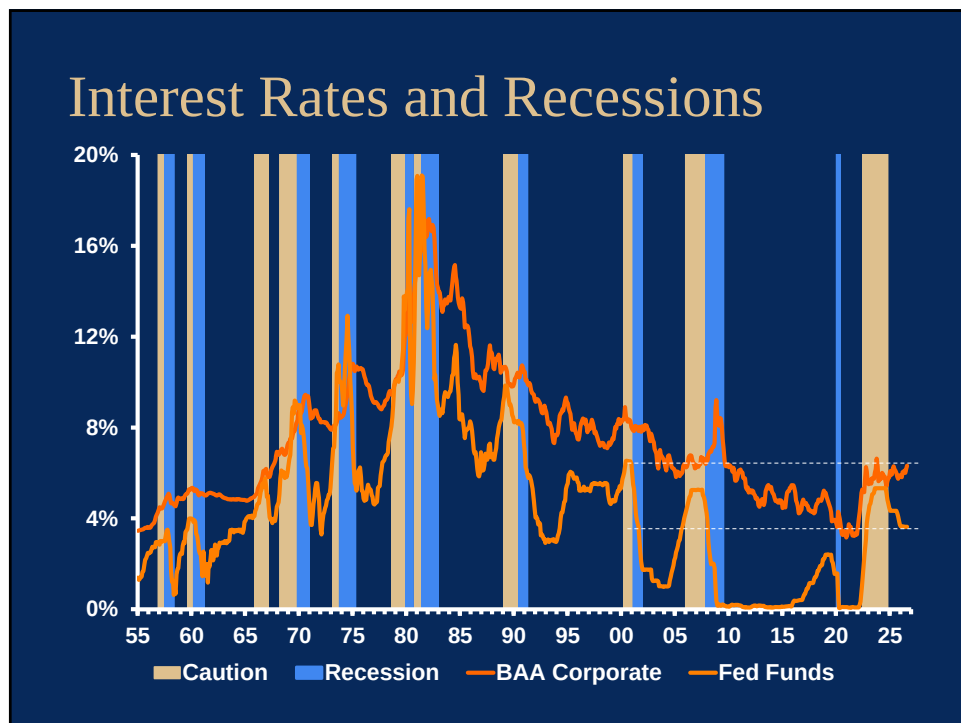
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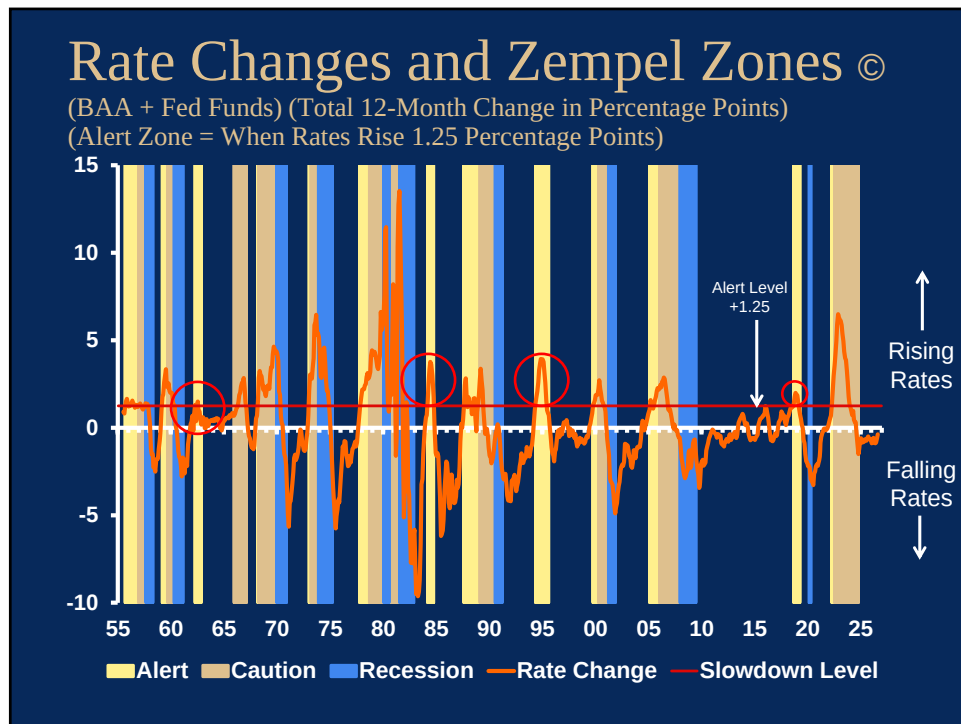
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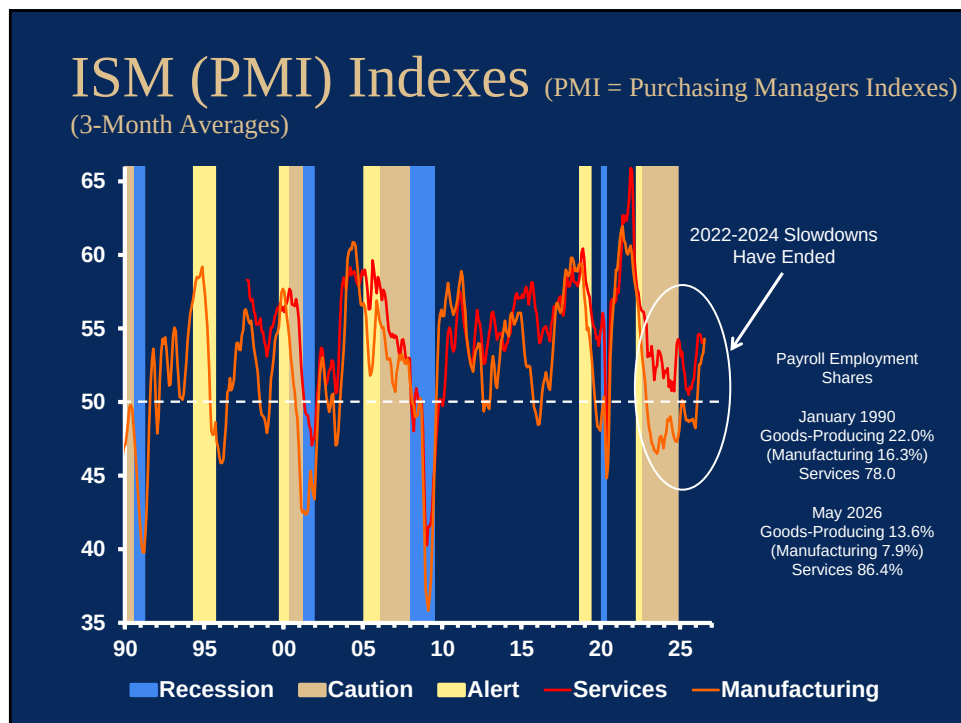
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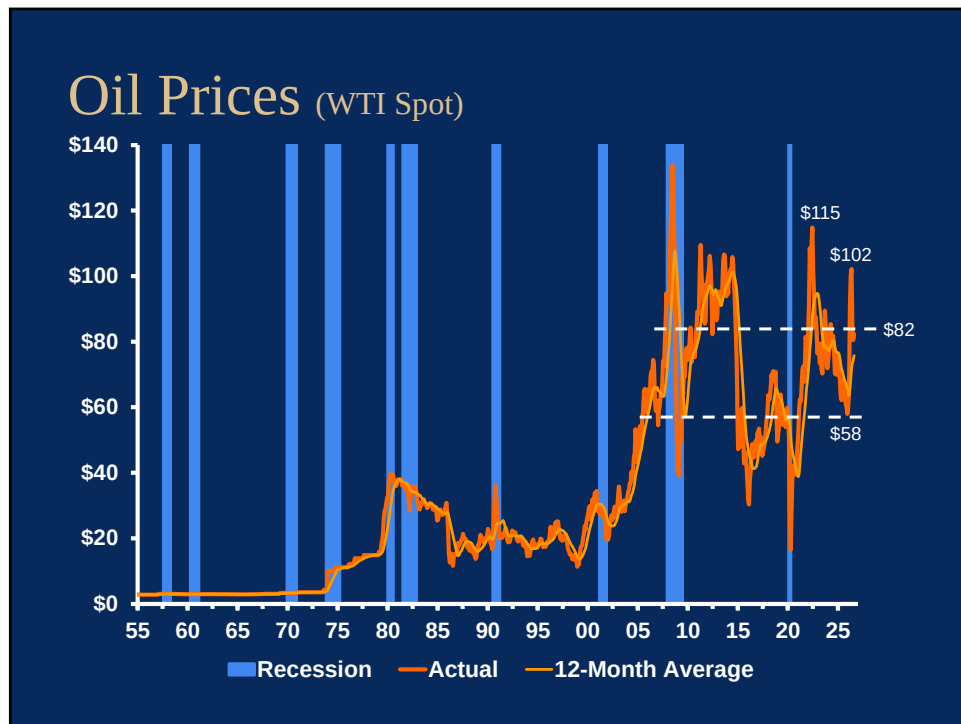
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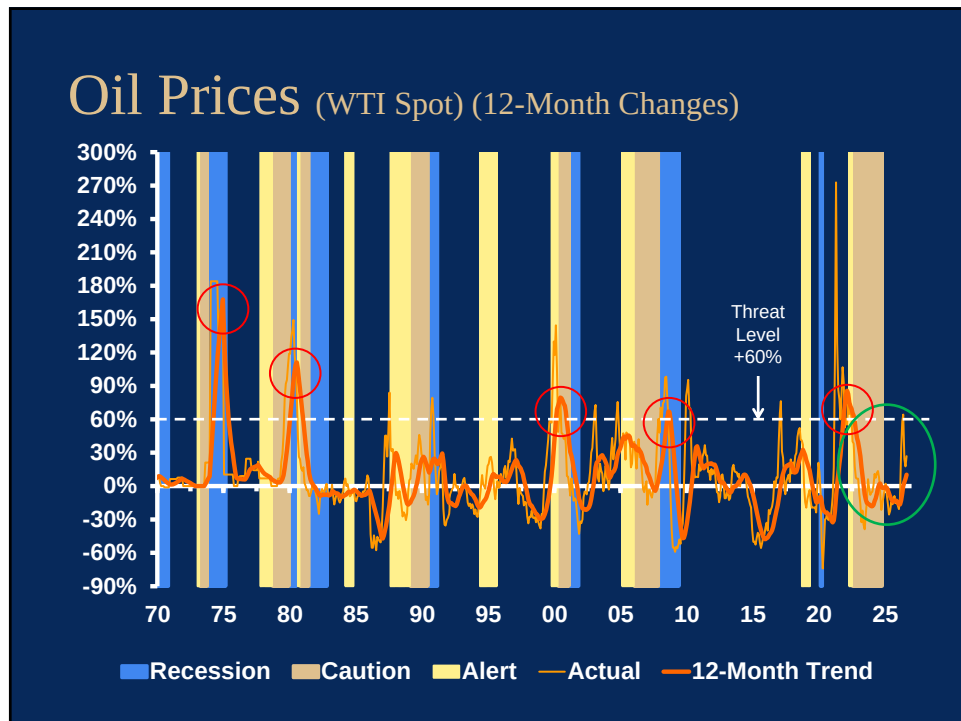
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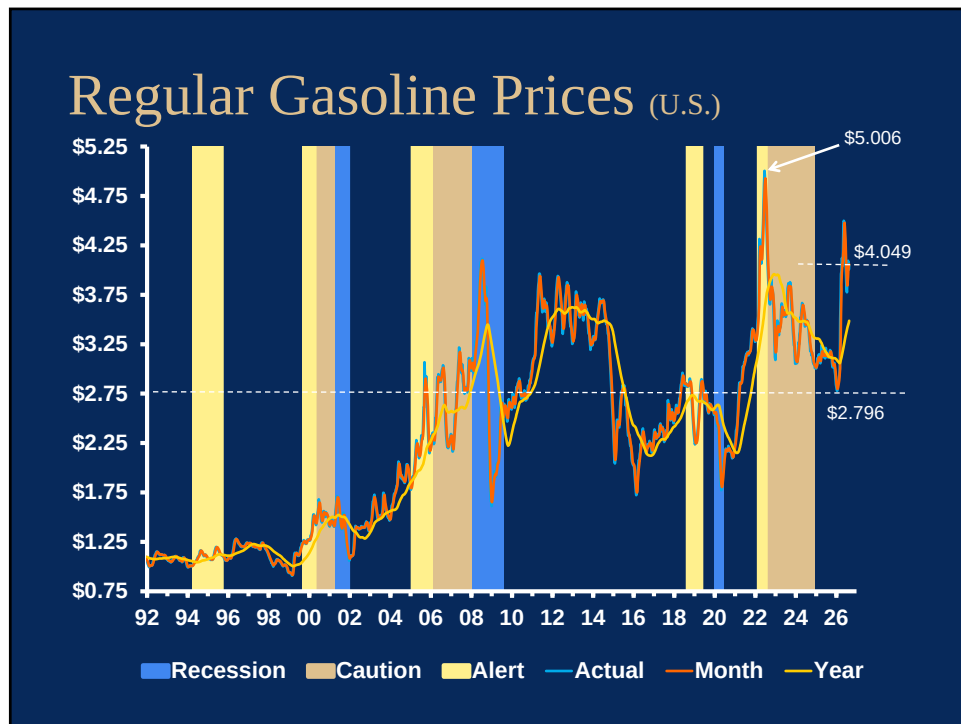
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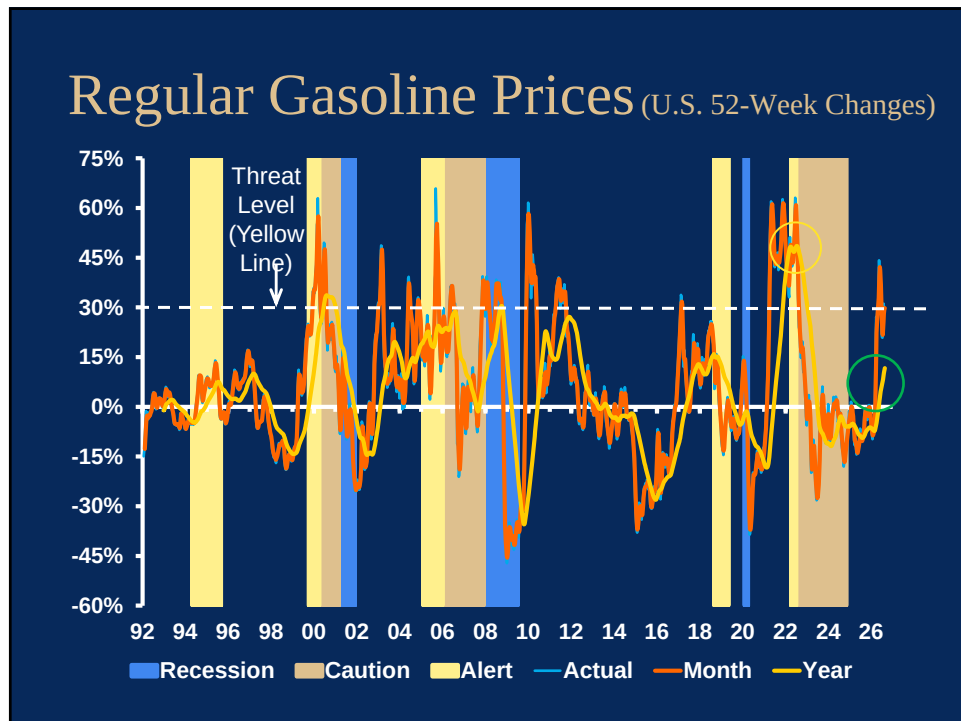
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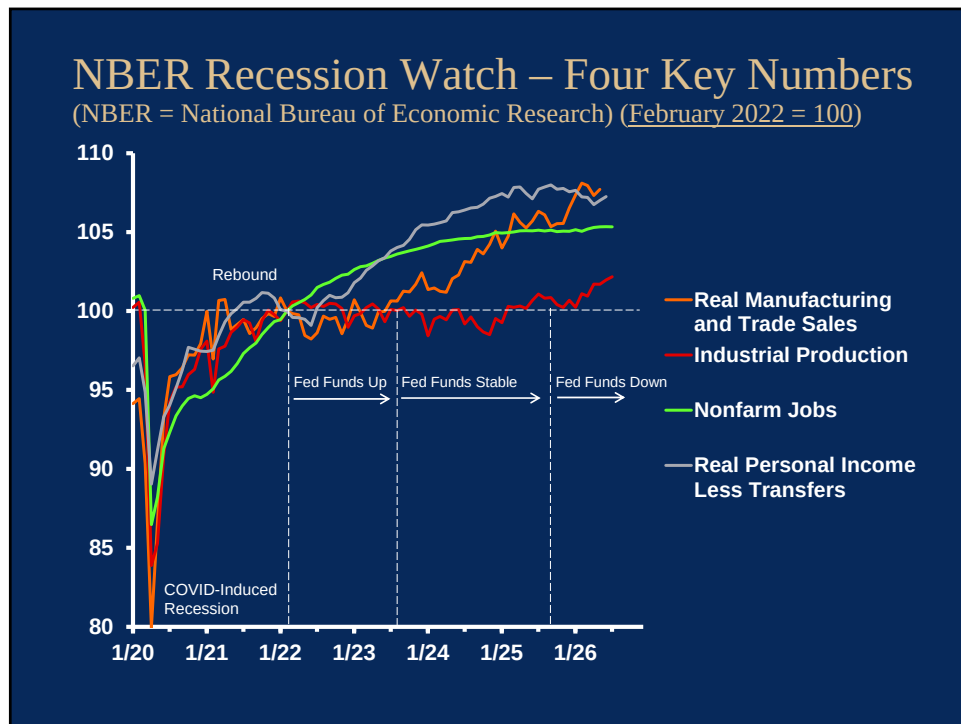
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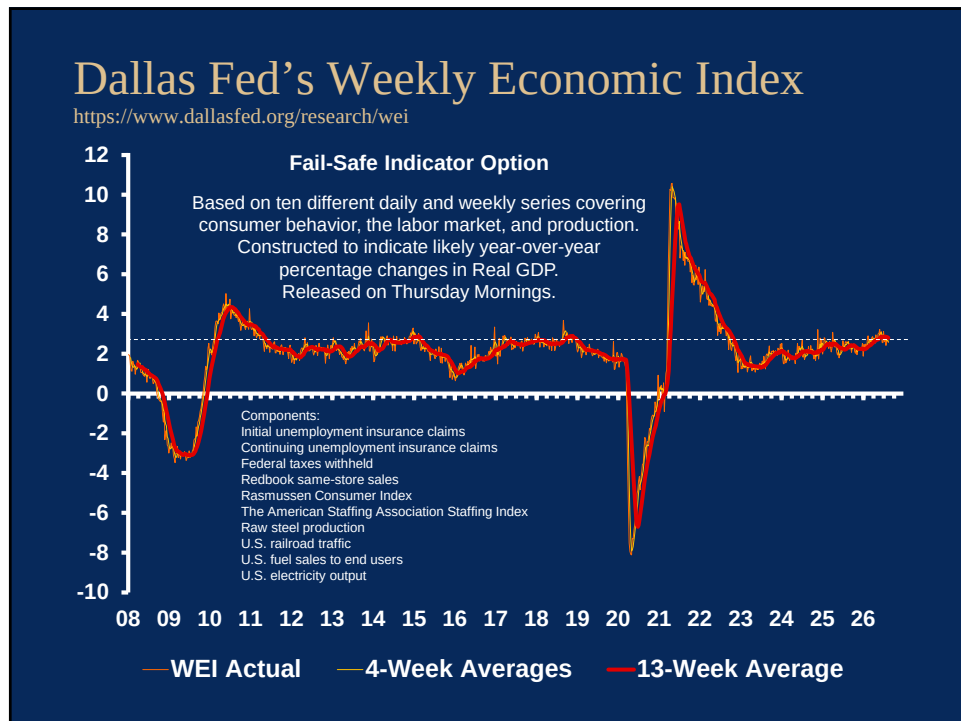
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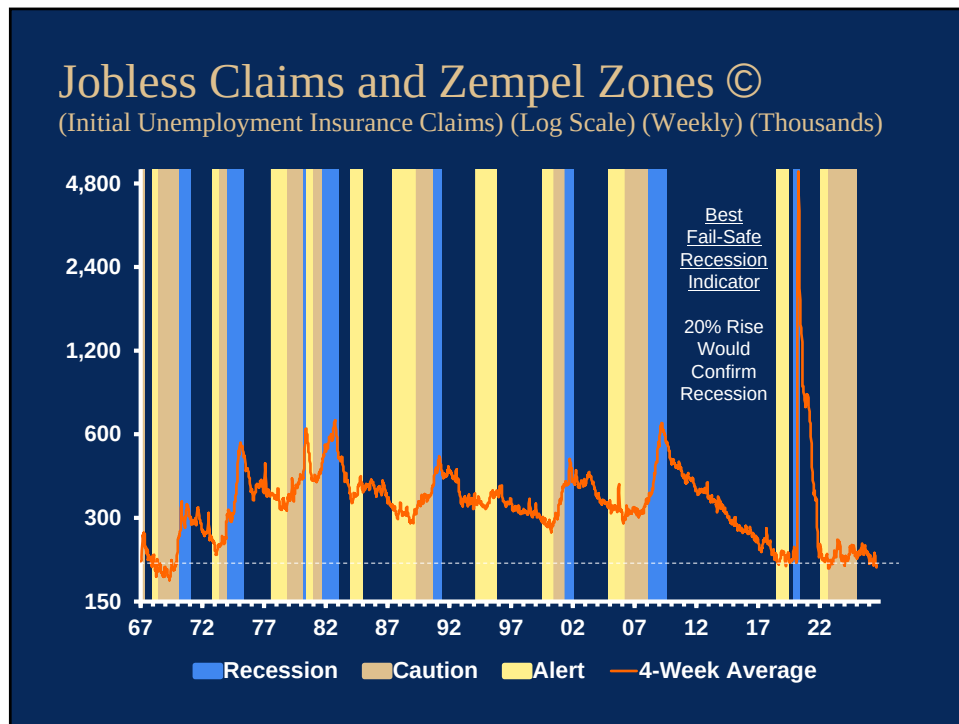
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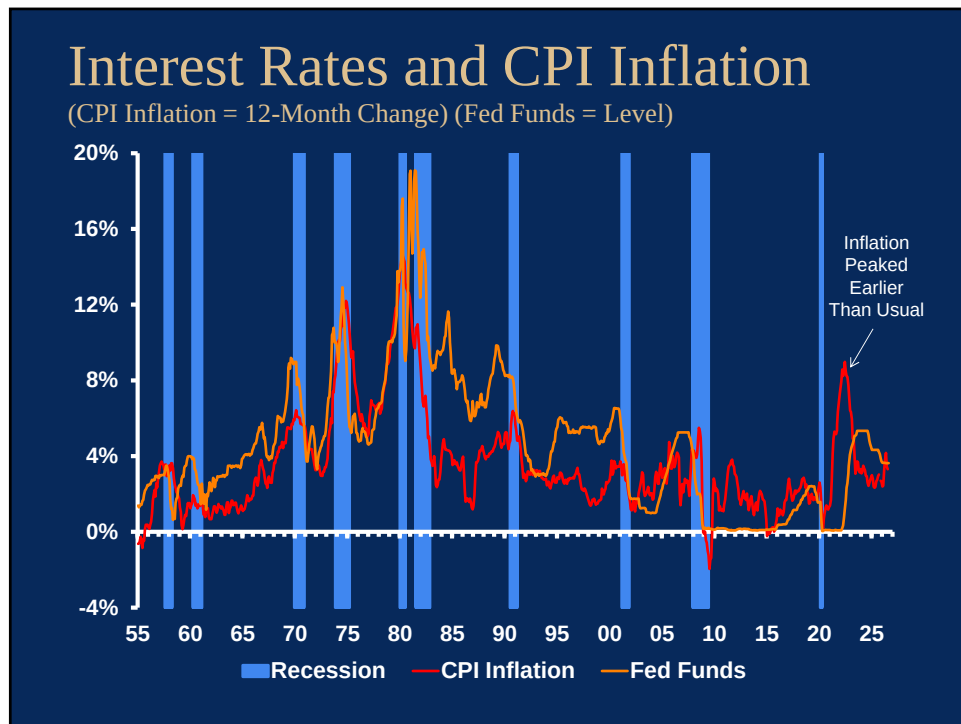
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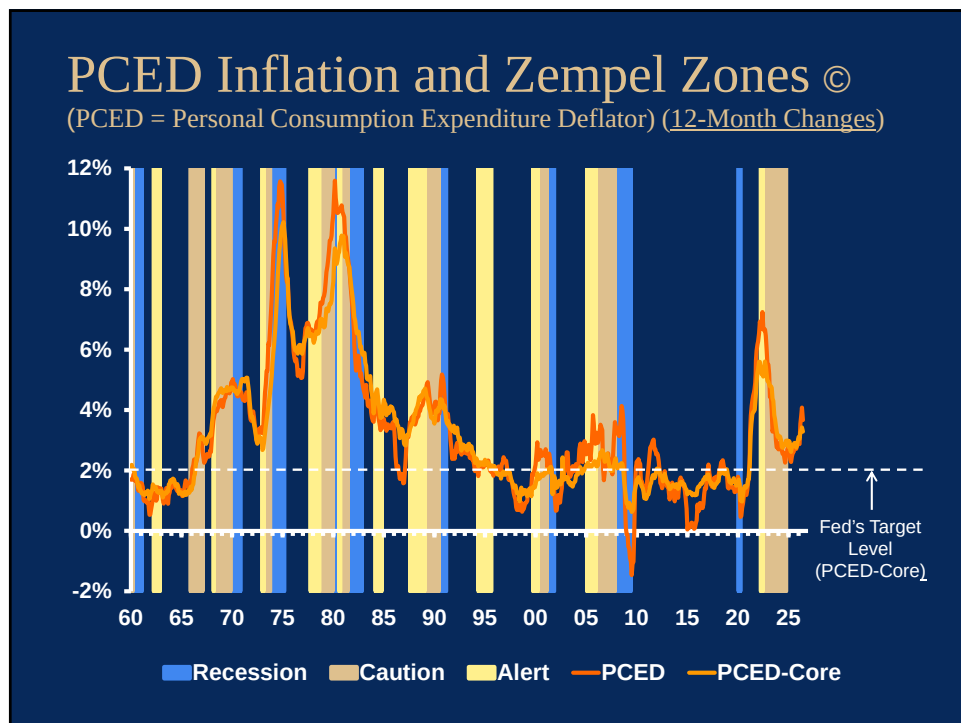
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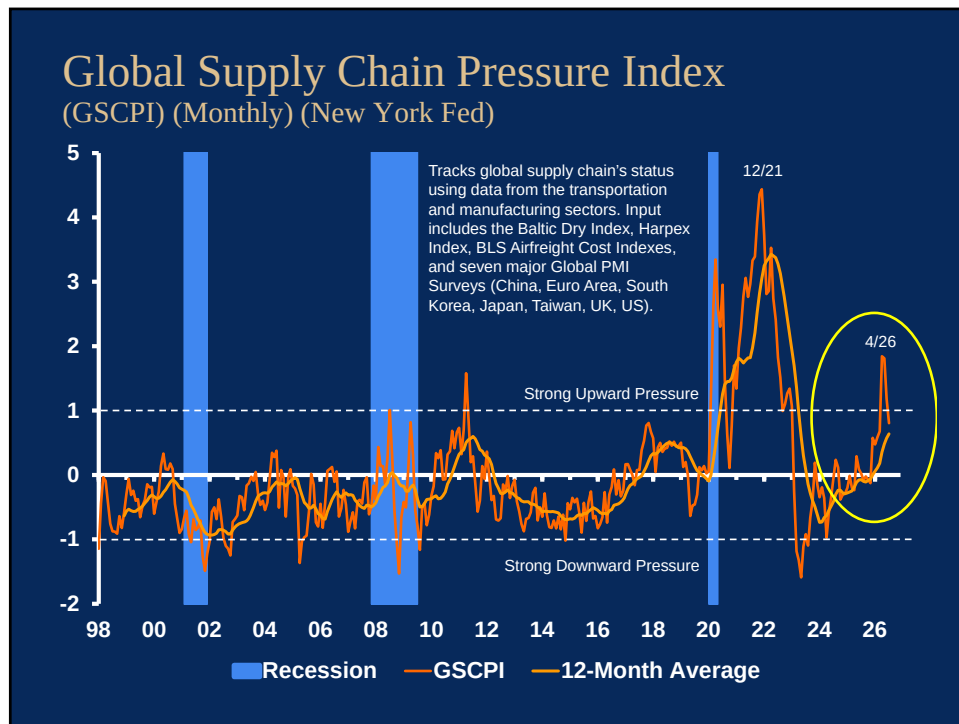
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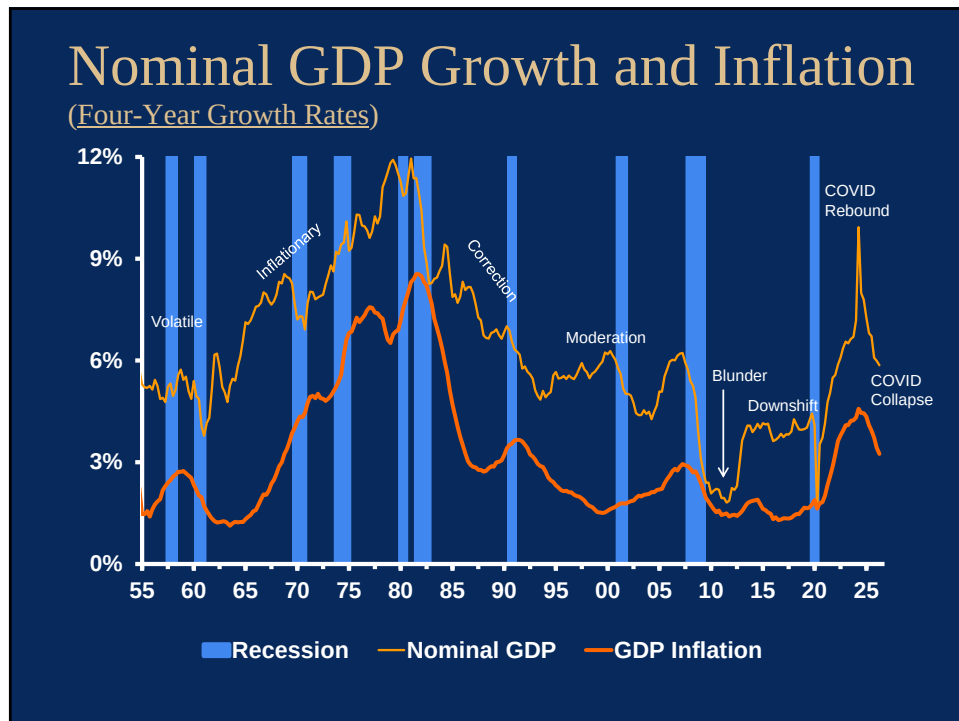
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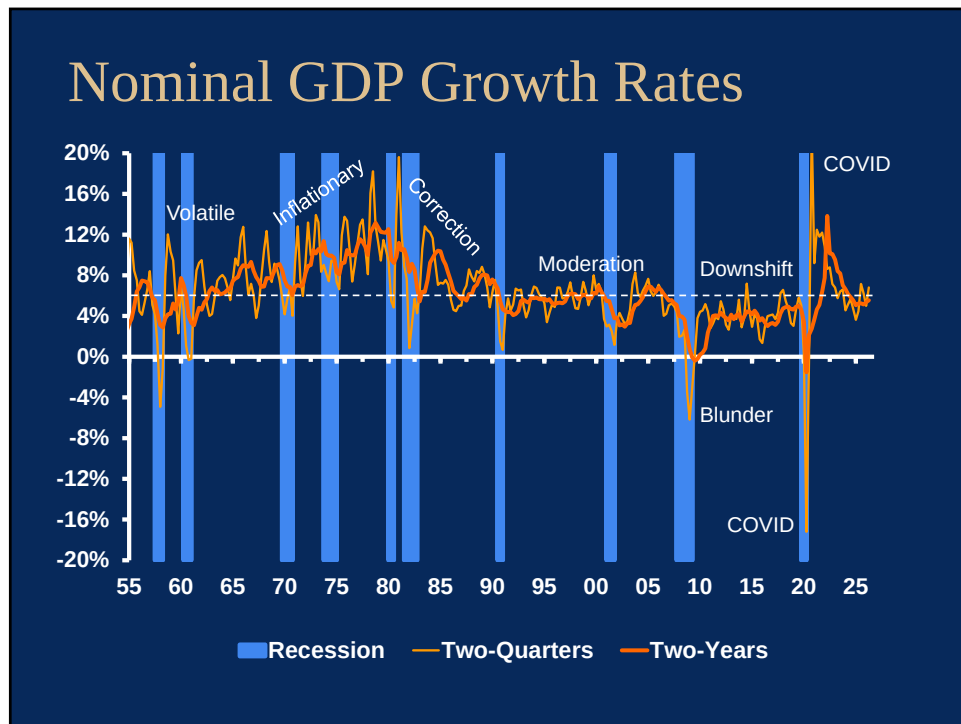
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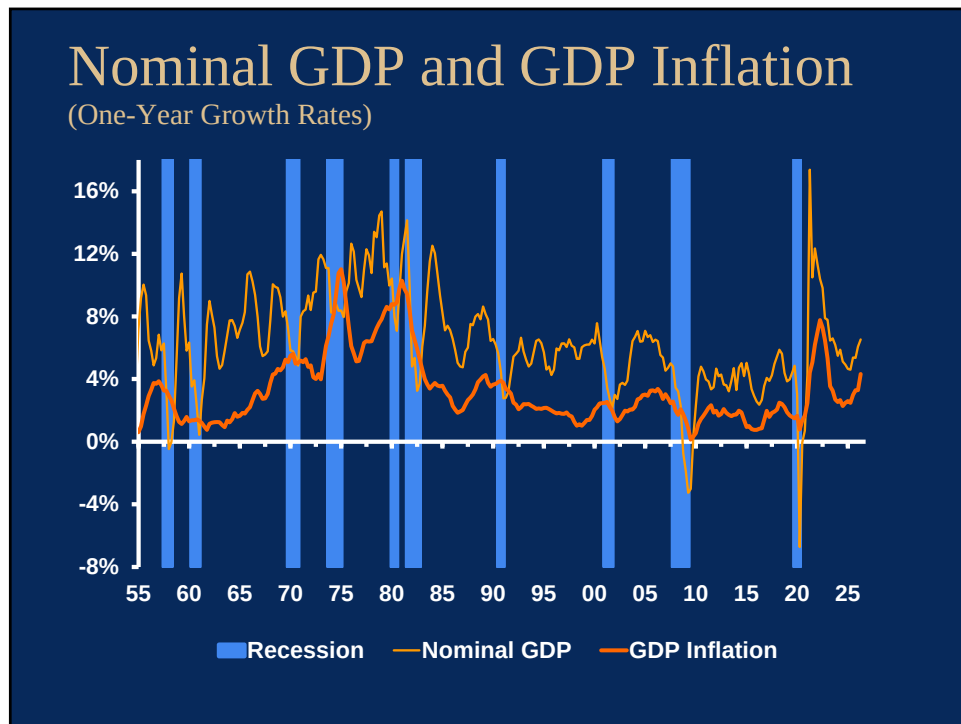
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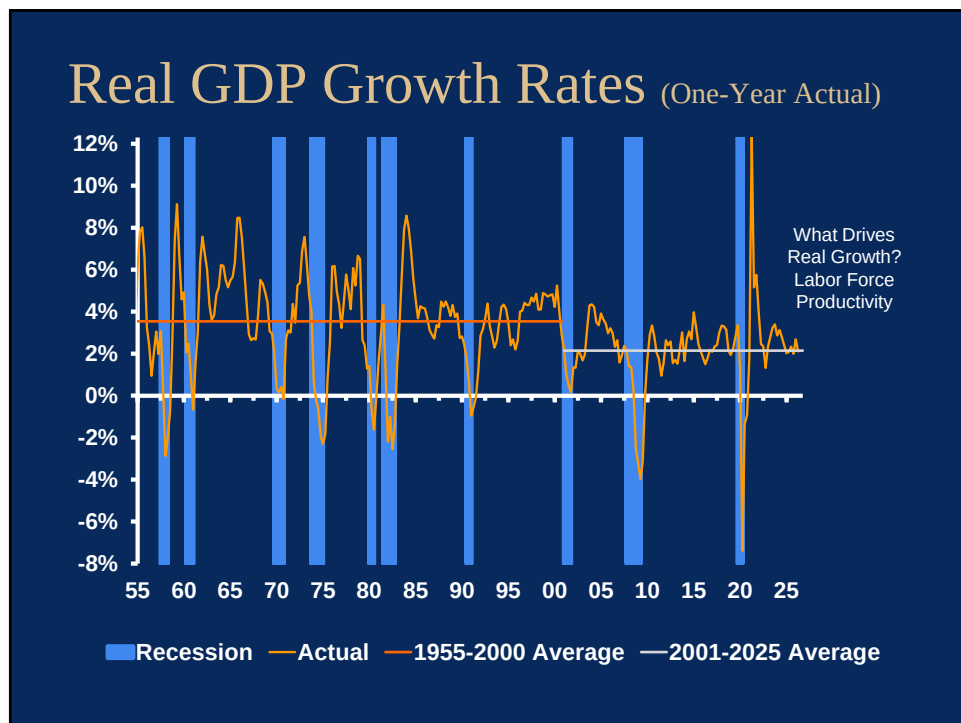
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24

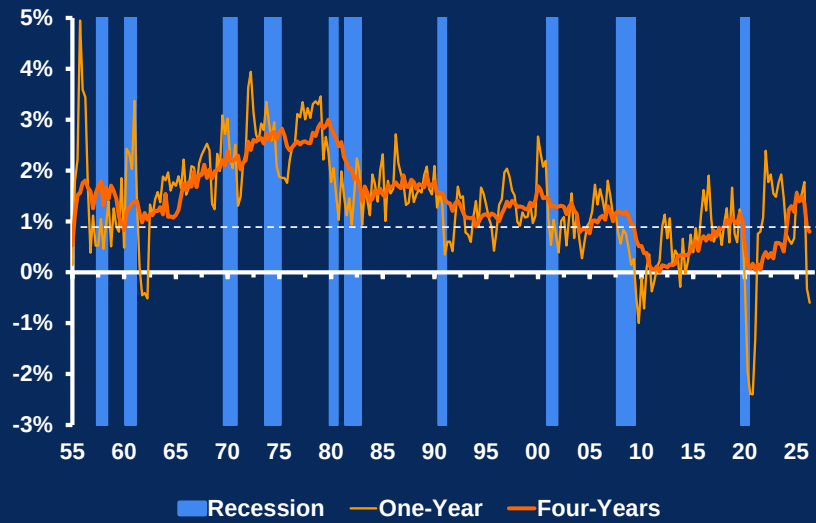


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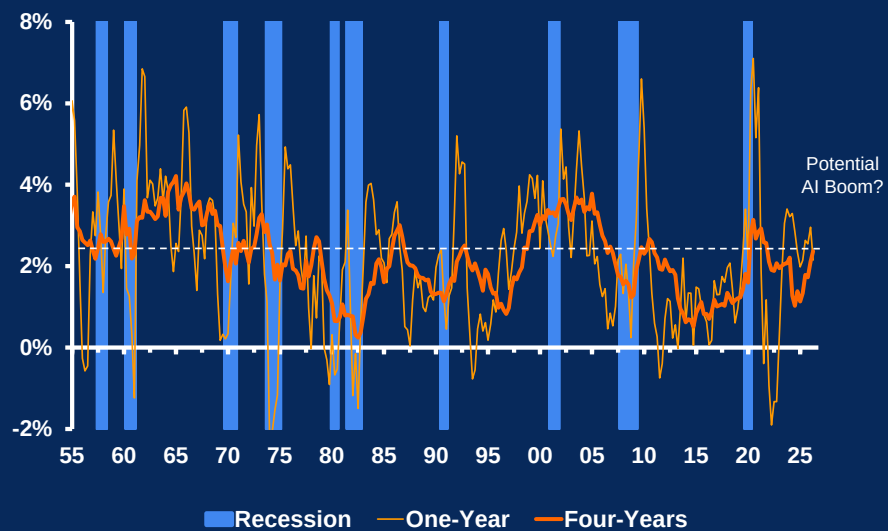
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Labor Force Growth Rates



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Labor Productivity Growth Rates



28



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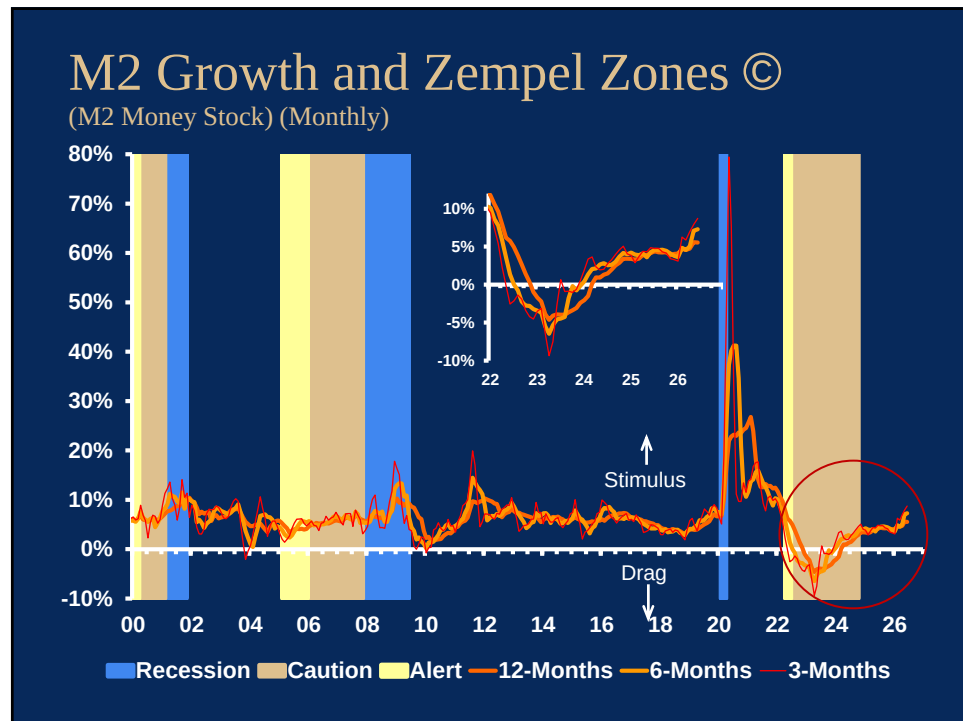
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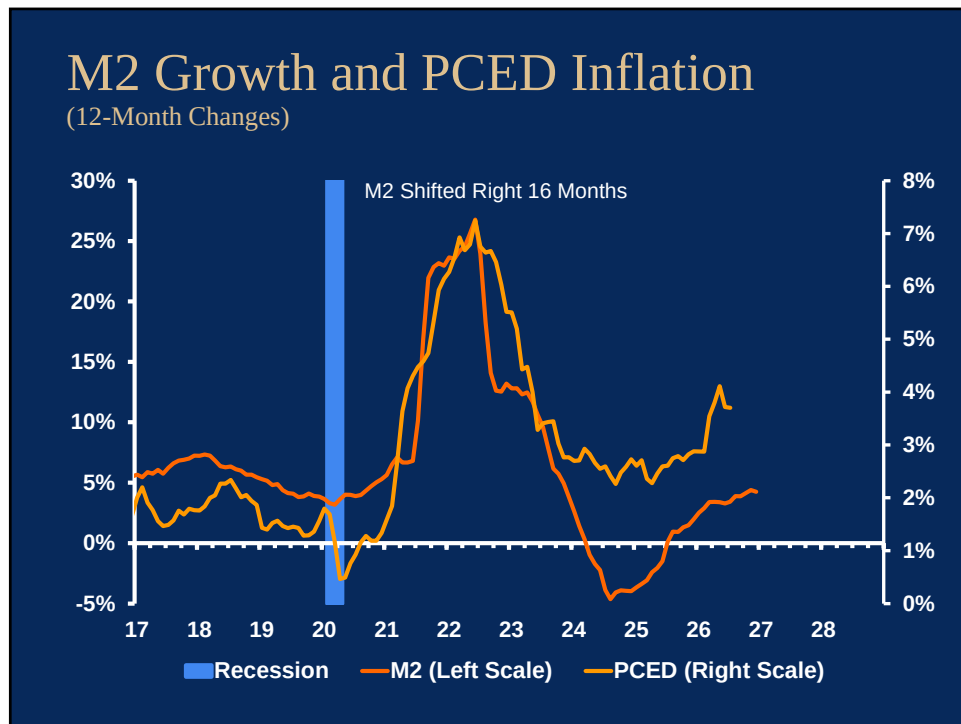
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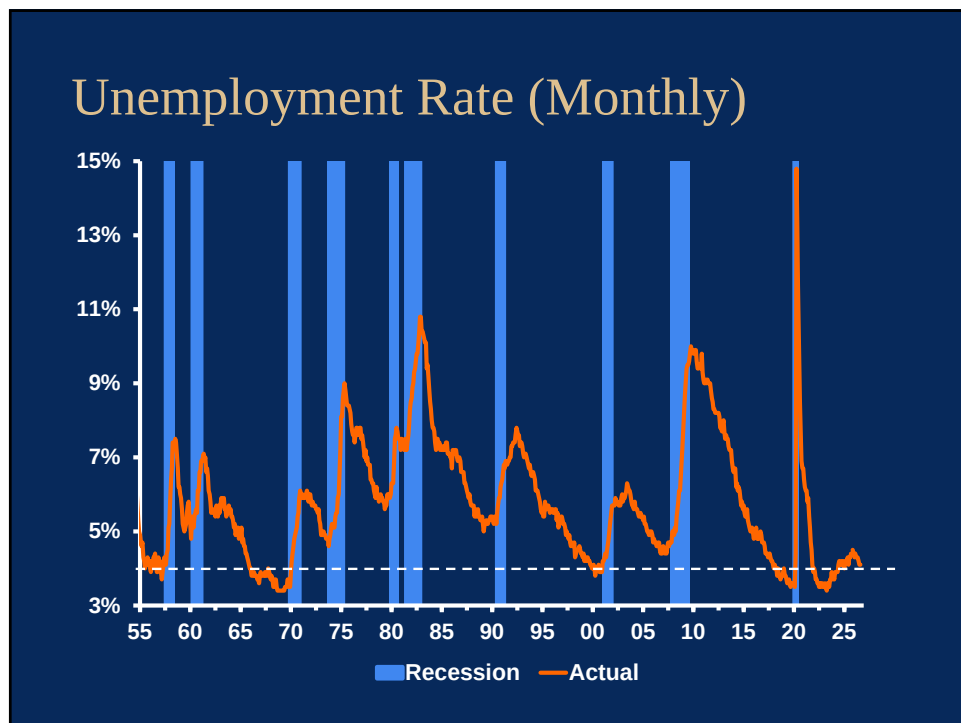
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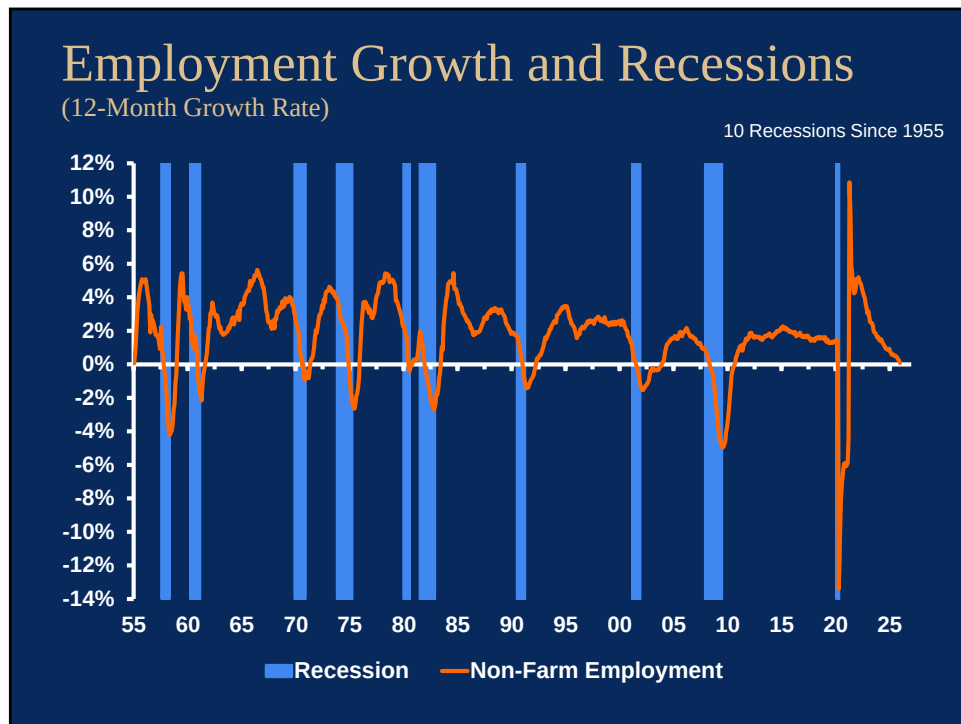
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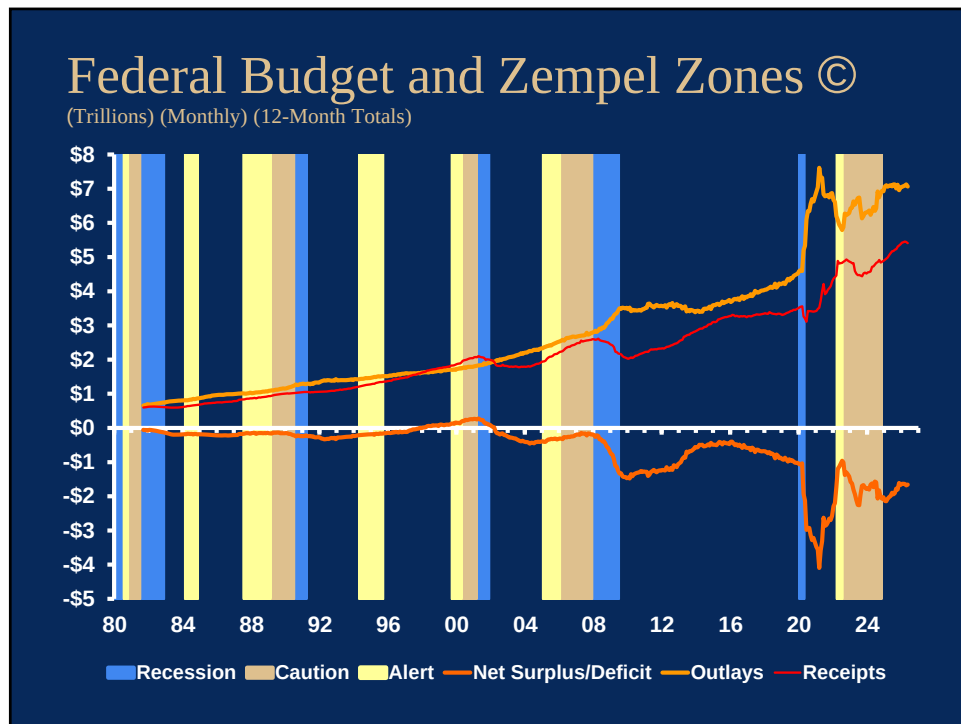
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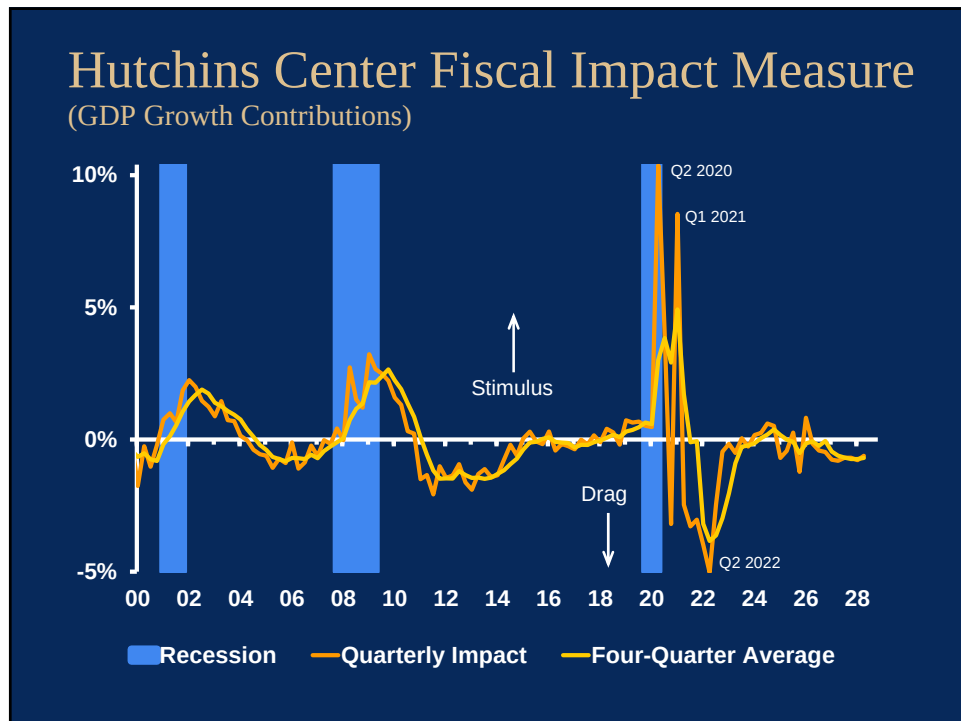
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34



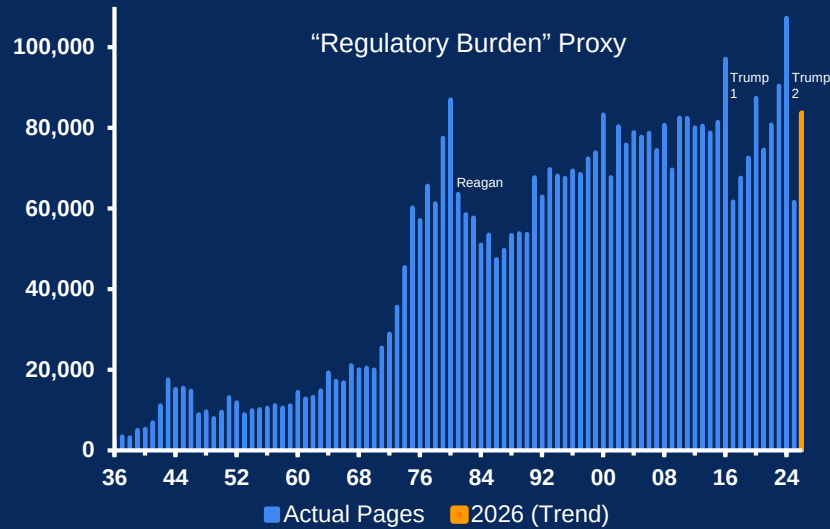
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36

Federal Register Page Count

(Annual Totals in 1936-2025) (Competitive Enterprise Institute)



37



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Questions

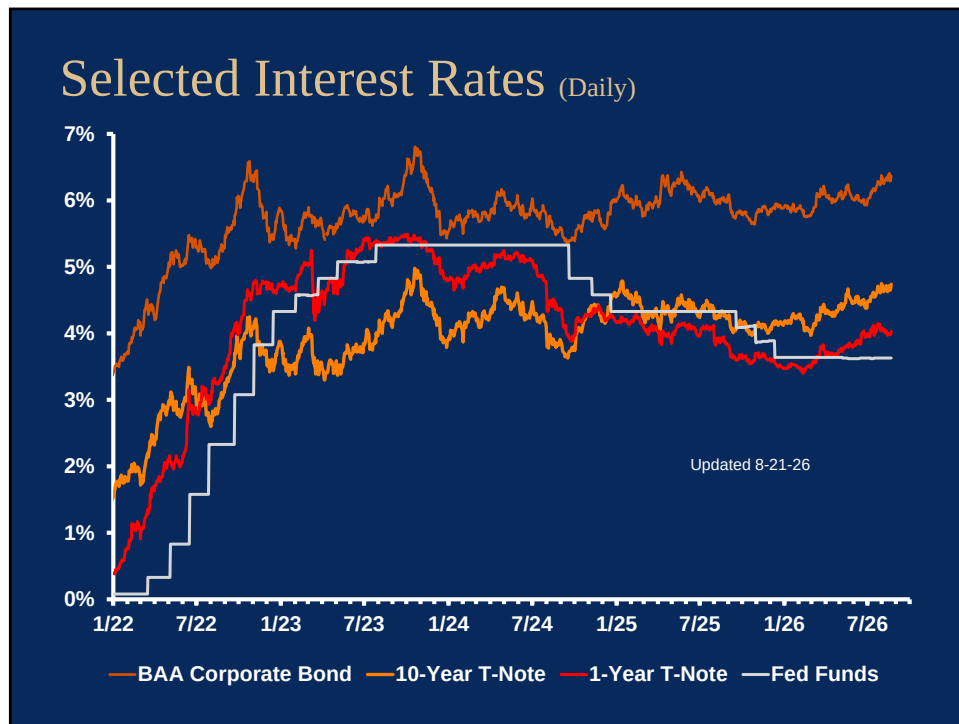
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Fiscal Policies Positive Now – Watch Elections

Interest Rates

Sectoral Prospects
Stock Market Risk

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38



39

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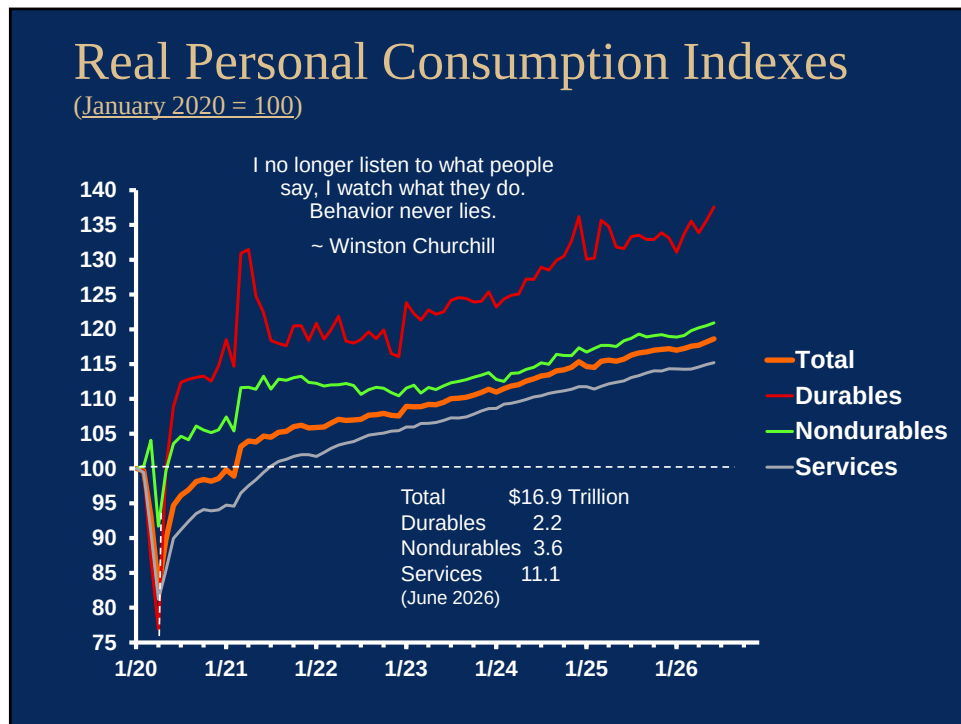
Interest Rates Will Stabilize – 4-5% T-Note Range

Sectoral Prospects

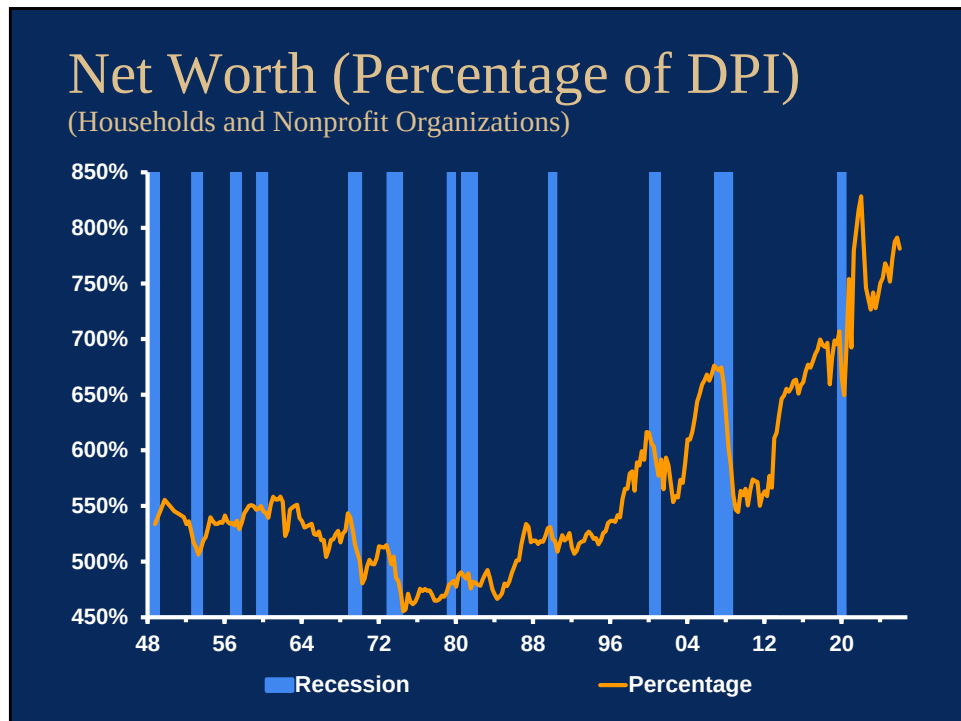
Stock Market Risk

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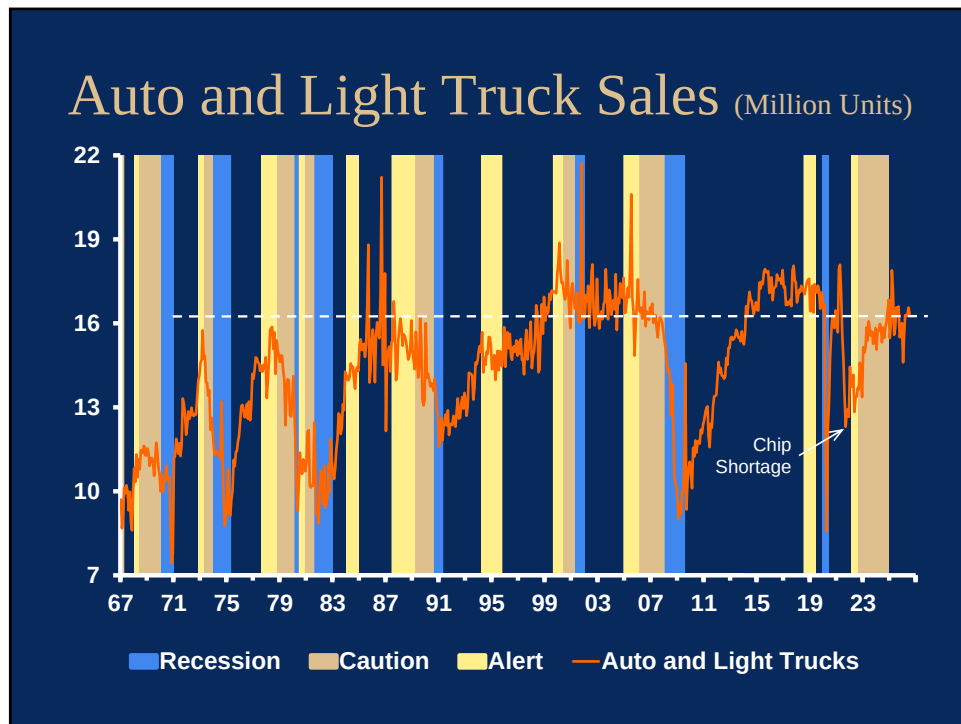
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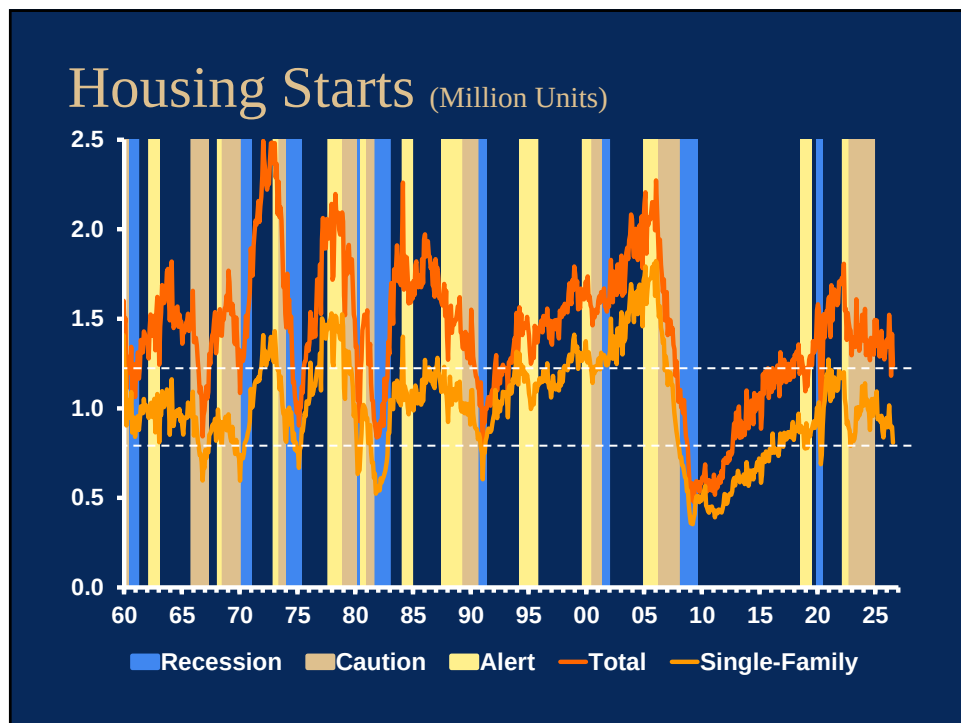
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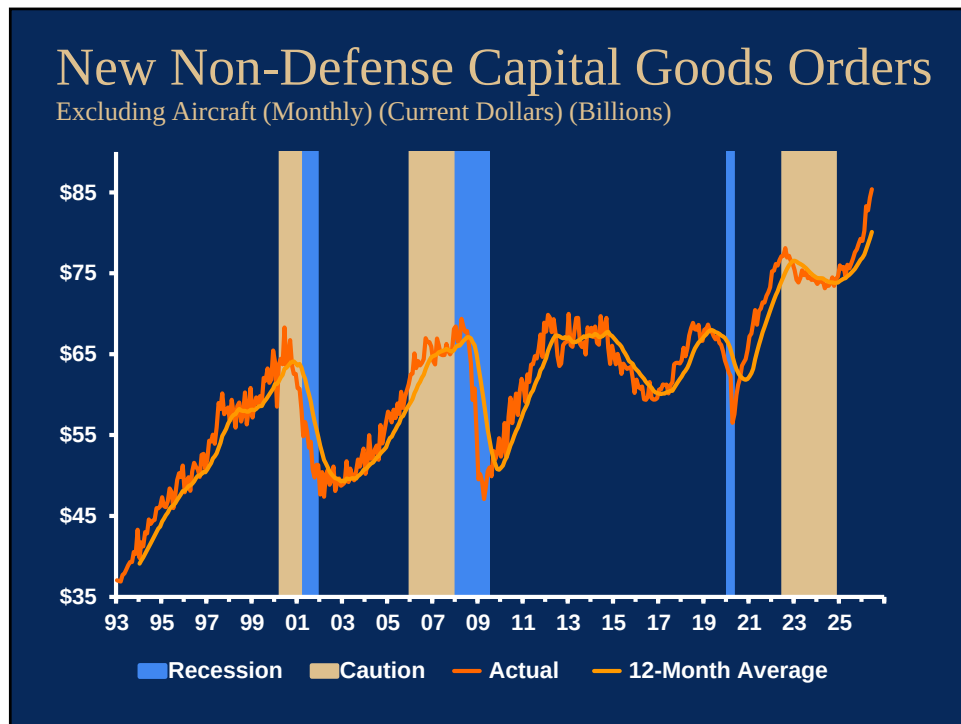
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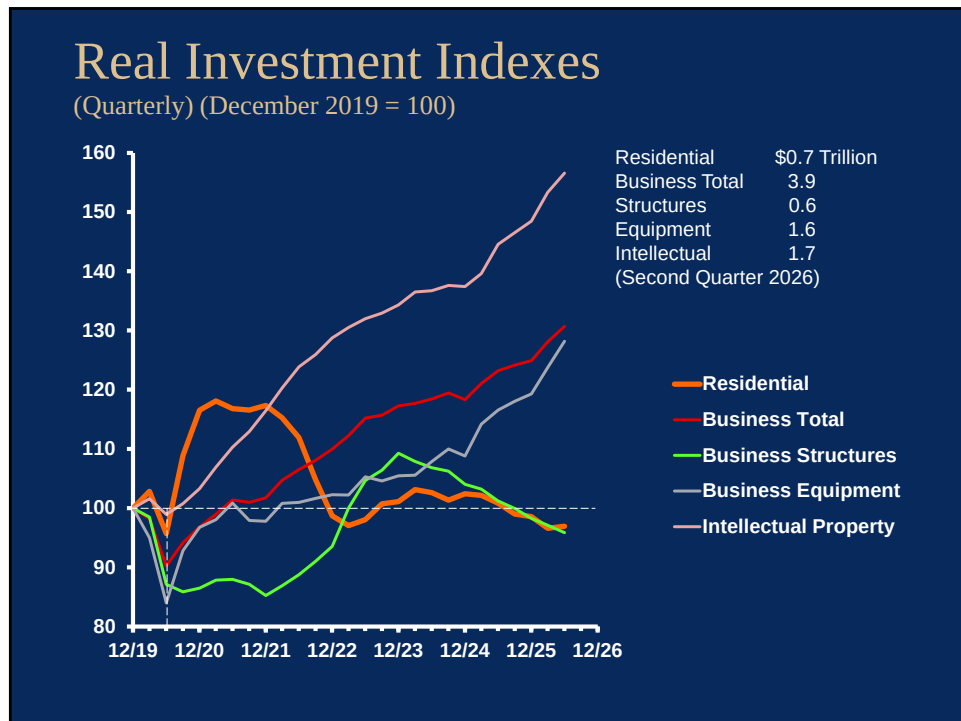
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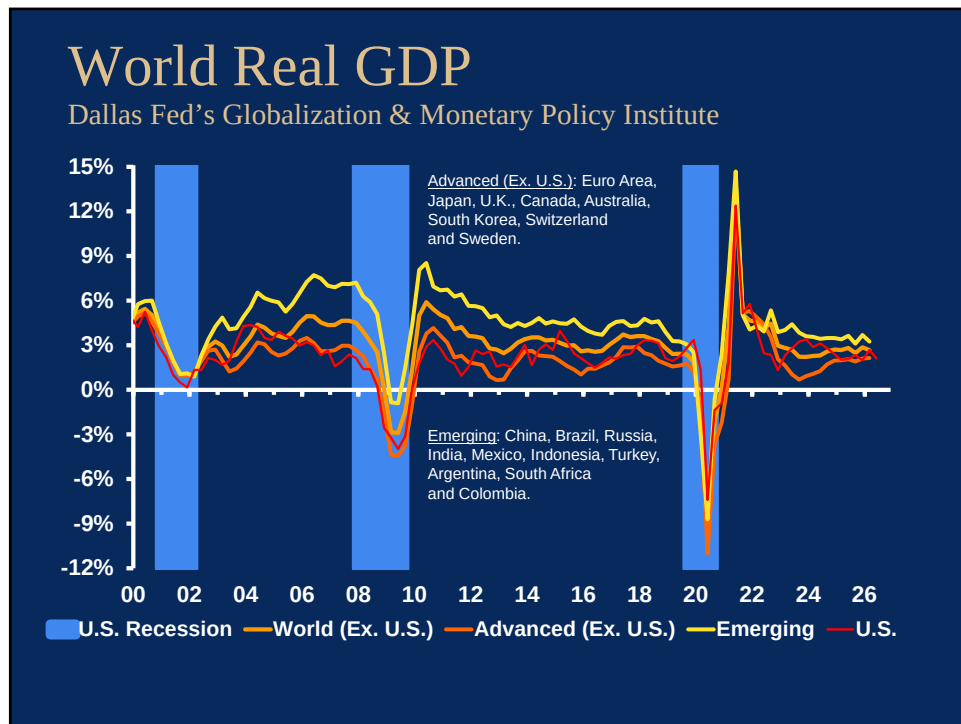
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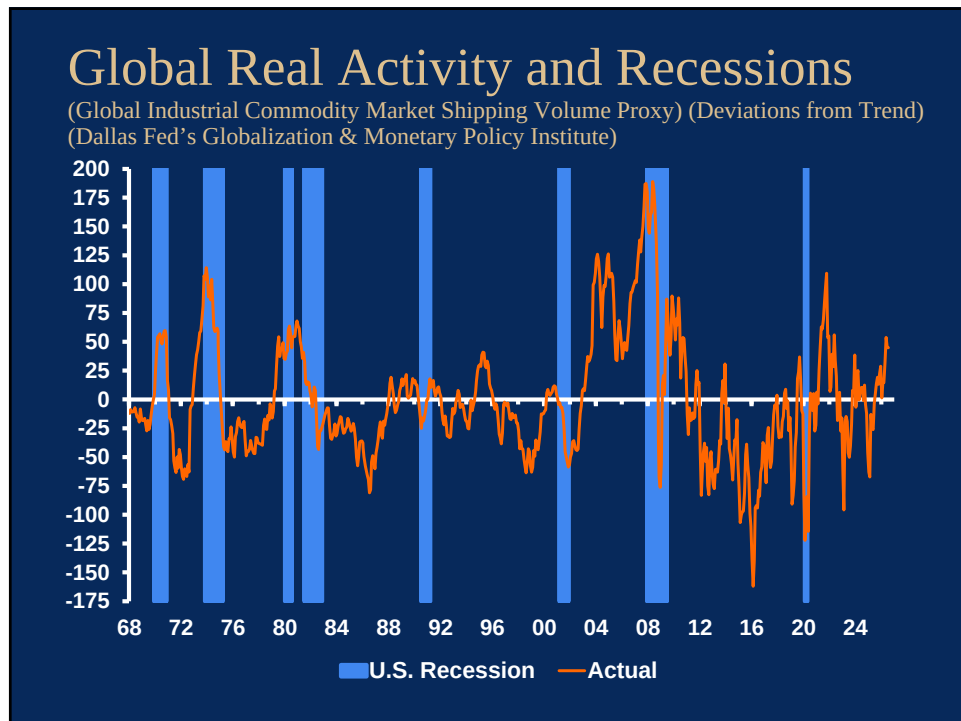
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46



47



48

Dollar Exchange Rates

(Fed's New Trade-Weighted "Country" Indexes) (Monthly)



49



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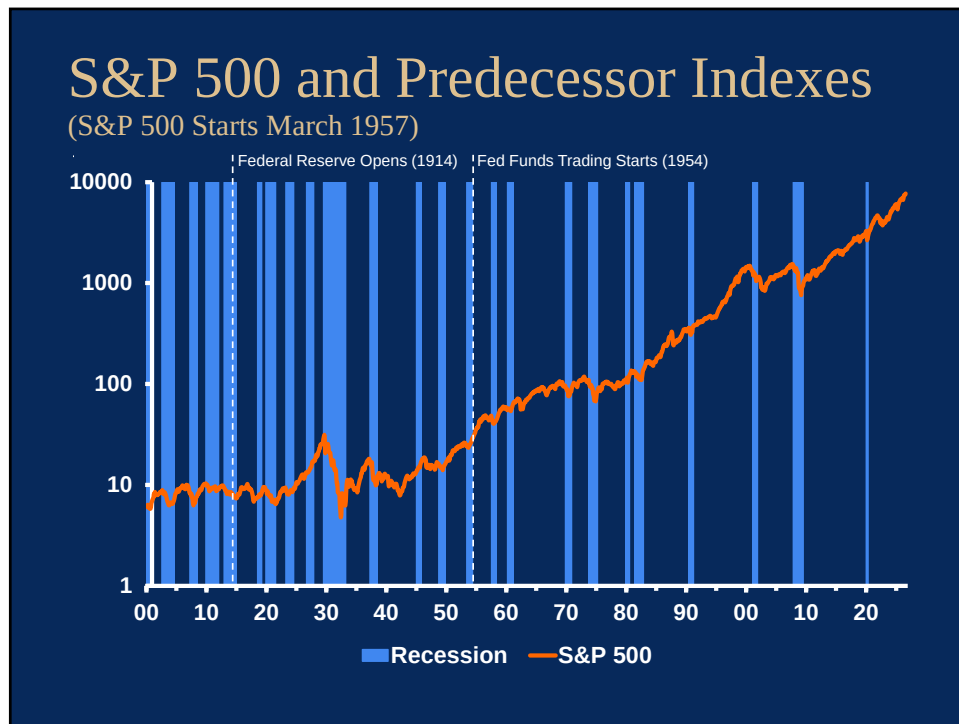
The Economic and Market Outlook 2026 – 2028

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 Fiscal Policies Positive Now – Watch Elections
 Interest Rates Will Stabilize – 4-5% T-Note Range
Sectoral Prospects – Solid Consumption – CapEx Boom
Stock Market Risk

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50



51



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Stock Market Valuation Index Concepts

Ratio = Bond Yield / Earnings Yield

Earnings Yield = E/P

Valuation Index = Normalized Ratio

Bond Yield = Moody's BAA Corporate Bond Yield

E = Trailing Year Operating Earnings

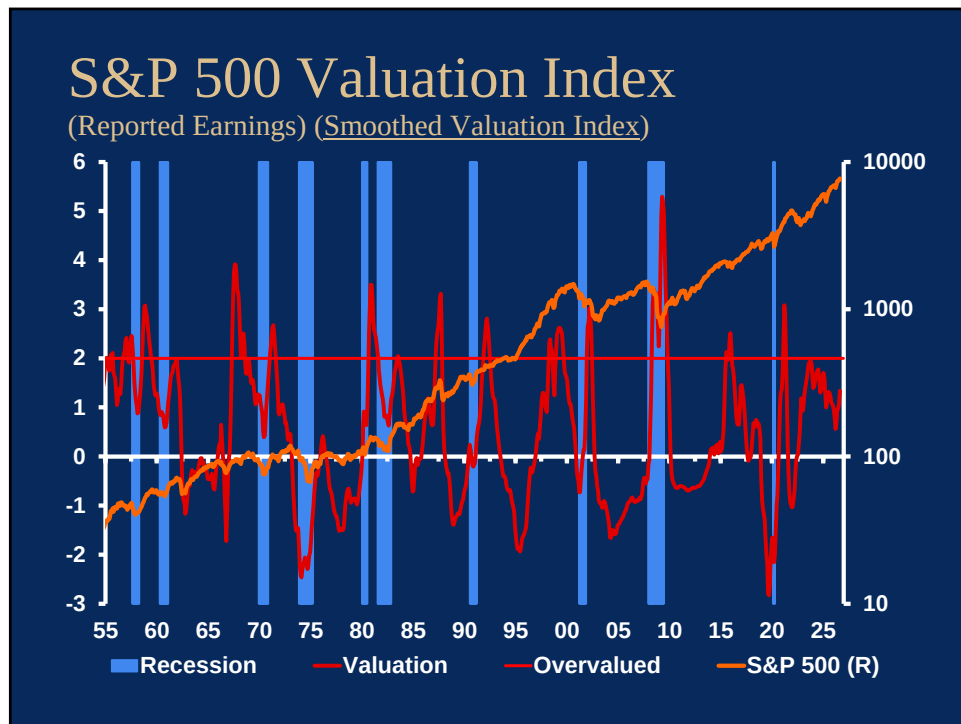
P = S&P 500 Index

Normalization = $(\text{Actual} - \text{Mean}) / \text{Standard Deviation}$

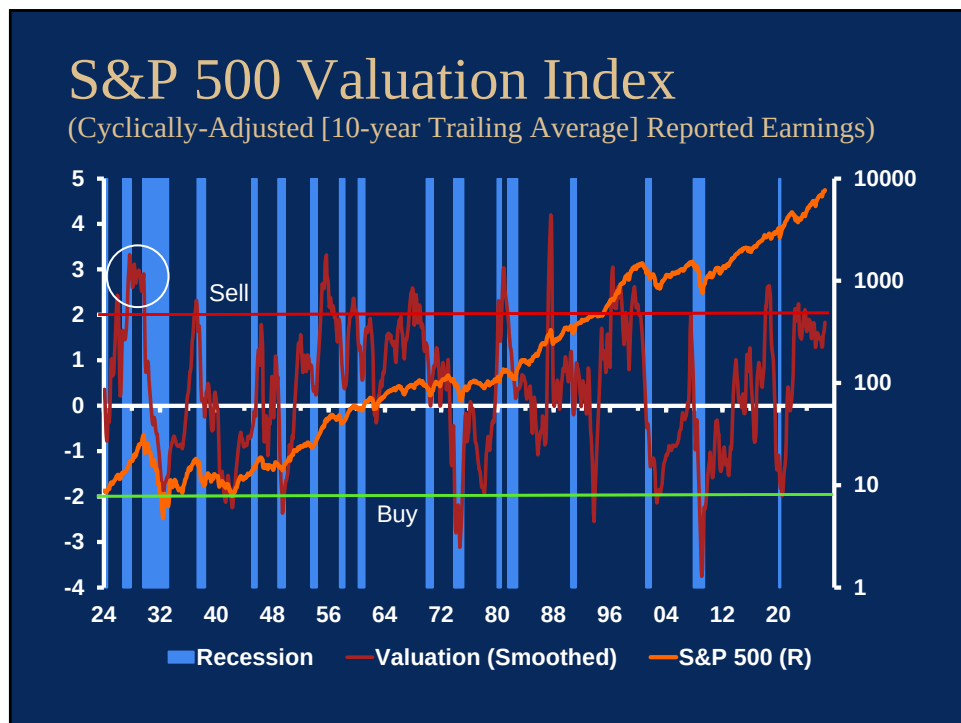
Stock Market Model Components

- Momentum
- Interest-Rate Changes
- Valuation Index

52



53



54

	WICPA Not-For-Profit Conference
	The Economic and Market Outlook 2026 – 2028 Questions - Recession Risk Minimal - Inflation Trend Downward Soon - Real Growth Trend Upward Soon – Boomlet Possible - Federal Reserve Policies Correct – Watch Nominal GDP - Fiscal Policies Positive Now – Watch Elections - Interest Rates Will Stabilize – 4-5% T-Note Range - Sectoral Prospects – Solid Consumption – CapEx Boom Stock Market Risk Low – Corrections But No Bear Market Copyright © 2026 Clare W. Zempel

55

	
	Questions... Clare W. Zempel, CFA, CBE Zempel Strategic Applied Economics and Financial Market Analysis www.zempelstrategic.com CZempel@ZempelStrategic.com (414) 412-4922 Copyright © 2026 Clare W. Zempel

56

1:45 – 2:35 p.m.

AI & Cybersecurity

John Higgins, CPA, CITP, *Strategic Technology Advisor, Higgins, Advisory, LLC*

AI & Cybersecurity

Protecting Your Data and Reputation



Presented By
John H. Higgins, CPA.CITP
Rochester, Michigan



Learning Objectives



- Identify the growing impact of AI on cybersecurity threats
- Recognize practical steps your organization can take to protect against the threats



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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!

Presentation Outline

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- [Why This is Important](#)
- [Cybersecurity Threats and Vulnerabilities](#)
- [Cybersecurity Protection Best Practices](#)
- [Wrap-Up](#)



WHY THIS IS IMPORTANT

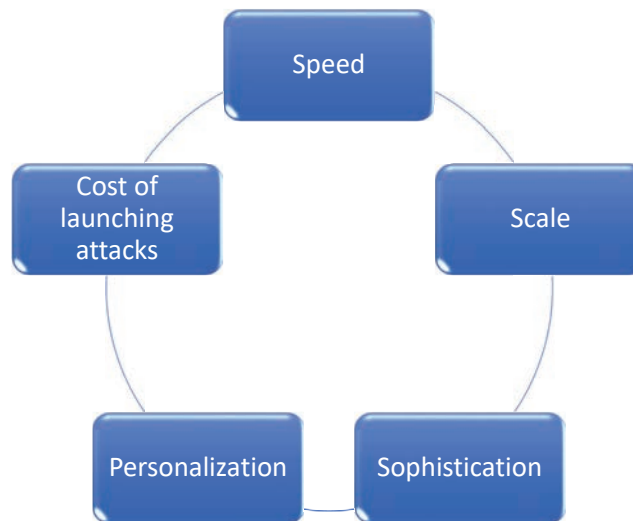


Think about the sensitive data you handle every day

- ✓ Financial information
- ✓ Payroll information
- ✓ HR information
- ✓ Donor information
- ✓ Bank and credit card login credentials
- ✓ And much more



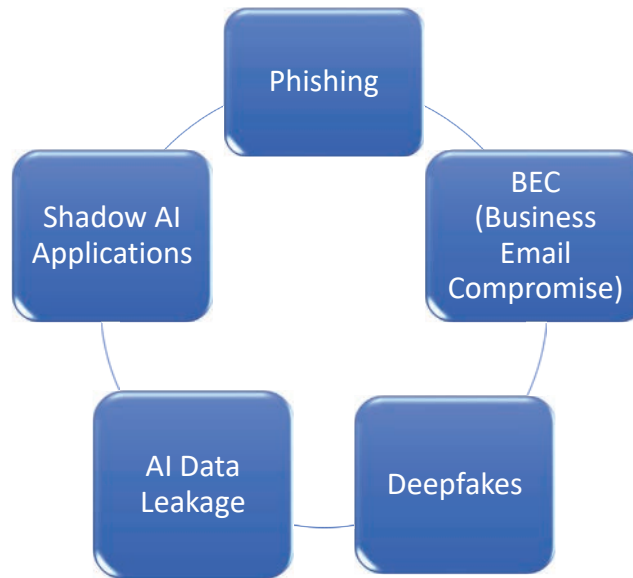
Impact of AI on Cybersecurity



AI Benefits Both Sides



AI Enabled Threat Landscape



Phishing Email Before AI

Subject: Urgent Payment

Note grammar and spelling

Hi,
I need you make a payment today for \$18,500.
Please process immediatly and send me
confirmation. This is urgent.
Susan

Phishing Email With AI

Subject: Community Outreach Grant Payment

Hi Mary,

Could you please process the \$18,500 payment related to our Community Outreach Initiative this afternoon? We need to have it completed before the grant reporting deadline.

Please confirm once it has been processed.

Thanks,
Susan



Phishing Before and After AI

Before

- Misspellings
- Awkward grammar
- Generic greeting
- Strange wording
- Easy to recognize

After

- Professional writing
- Correct terminology
- Personalized details
- Familiar communication style
- Convincing business context



Business Email Compromise (BEC) Risk

- Attacker impersonates an executive, vendor, employee, or trusted party.
- Goal is commonly to:
 - ✓ Redirect payments
 - ✓ Change banking information
 - ✓ Obtain payroll information
 - ✓ Obtain sensitive data



Business Email Compromise (BEC) - Example

- A finance employee receives an email appearing to come from the executive director asking for an urgent \$42,500 payment to a new organization connected with an upcoming program.
- *What controls should prevent one convincing email from resulting in a \$42,500 loss?*



Deepfake Risks

- Voice
- Video
- Photographs
- Documents
- Online identities



Mitigating Deepfake Risks

- Does our organization have controls that work even when the deepfake is impossible to detect?
- Deepfake detection is useful; independent verification is the control.



AI Data Leakage Risk

- Employees enter confidential / sensitive information into public AI applications (ChatGPT, Gemini, etc.)
- *What information are employees allowed to provide to AI systems?*
- *Are employees prohibited from using shadow (unapproved) AI applications?*



Steps You Can Take to Increase Protection

- ✓ Reinforce traditional segregation of duties controls
- ✓ Require a secondary payment verification via an independent channel
- ✓ Develop an AI usage policy



CYBERSECURITY PROTECTION BEST PRACTICES

Comprehensive
WISP

Ransomware
defense plan

Firm wide
credential
management app

Cybersecurity
incidence
response plan

Cybersecurity
insurance plan

Continuous staff
education &
communications



The Future of Cyber Threats - Mythos

- New model released by Anthropic
- Autonomously identifies zero-day vulnerabilities
- Zero day = previously unknown / unidentified cybersecurity vulnerability in software code
- Hackers (non-technical) can exploit these vulnerabilities
- Project “Glasswing” controlled access to vetted organizations
- Anthropic released Fable 5 model to counter



WRAP-UP



In Summary

- A cyber attack on your business can be devastating financially and reputationally
- Three most important steps to take:
 - ✓ Educate your team on the risks and signals
 - ✓ Enable two factor authentication for all apps
 - ✓ Develop and implement an AI usage policy
- Be prepared!

Thank you!!!

Let's connect on LinkedIn →



2:45 – 3:35 p.m.

Investment Policy Best Practices

Tiya Lim, *Director of Institutional Services, Creative Planning*

Investment Policy Statements for Nonprofits



Agenda

- | | |
|----|---|
| 01 | Creative Planning |
| 02 | What Is an Investment Policy Statement (IPS)? |
| 03 | IPS Components |
| 04 | Common Pitfalls |

Creative Planning

\$710B+

Over \$710 billion in combined assets under management and advisement by Creative Planning and its affiliates**

99.9%

Client retention rate***

50

Clients served in all 50 states and more than 90 countries worldwide

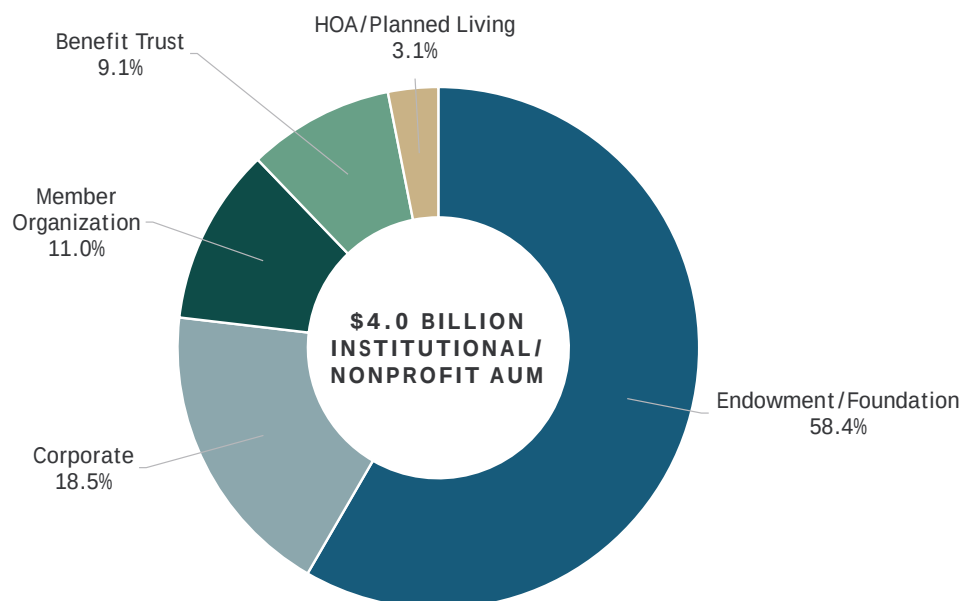


*Creative Planning is an independent wealth management firm also providing business consulting, tax and financial services to clients. Creative Planning works closely with BerganKDV, an independent and separately governed licensed CPA firm that provides audit and assurance services to its clients.

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***5-year period ending June 30, 2025.

Institutional Services



180+ NONPROFIT CLIENTS

FIDUCIARY

20+ YEARS OF NONPROFIT EXPERIENCE

How We Partner With Clients



Strategic Consulting

- Strategic planning
- Risk assessment
- Asset allocation studies
- Cash flow and reserves analysis
- Debt covenant assessment



Investment Management

- Custom portfolios
- IPS Compliance
- Ongoing monitoring
- Rebalancing
- Distribution and liquidity requirements



Fiduciary Governance

- Policy creation and review
- Fiduciary orientation, education and training
- Customized reporting and analytics
- Institutional trends and best practices



Professional Support

- Audit and accounting support
- Account reconciliation
- Donor development / planned giving support

5

What Is an Investment Policy Statement (IPS)?

An investment policy statement (IPS) governs the organization's investment assets. It establishes a disciplined framework for all investment-related decisions, ensuring the portfolio is managed in a manner consistent with the organization's long-term objectives, risk tolerance and fiduciary obligations.

Governance

- Formal framework for fiduciary oversight, roles and responsibilities
- Supports prudent decision-making, consistent with fiduciary duty

Strategic Alignment

- Aligns investment program with the organization's objectives, risk tolerance, time horizon and spending needs
- Reduces the risk of ad hoc or reactive investment actions

Continuity

- Provides long-term consistency despite changes in personnel or market conditions
- Documents strategic objectives and constraints to guide future decision-makers

IPS Components

Mission and objectives
Spending/distribution
Roles and responsibilities
Investment philosophy/strategy
Asset allocation
Performance measures

IPS Components

MISSION AND OBJECTIVES

State the organization’s mission/program goals in writing to ensure the investment criteria will support the overall mission.

OBJECTIVES CAN VARY BY TYPE OF INVESTMENT POOL				
Reserve fund	Permanent endowment	Board-restricted/quasi-endowment	Term endowment	Other restricted gifts

IPS Components

MISSION AND OBJECTIVES

BUCKET 1	BUCKET 2	BUCKET 3
OPERATING CASH ▪ Checking account ▪ A minimum of one to three months of expenses	OPERATING RESERVE ▪ A minimum of two to three quarters of expenses ▪ Safe, liquid investments ▪ Ability to create additional short-term buckets for capital projects	LONG-TERM FUNDS ▪ Funds to be invested for 5+ years ▪ Can be allocated to an endowment ▪ Distributions are typically used for ongoing operational support or the expansion of programs

IPS Components

SPENDING/DISTRIBUTION

Spending Rule	Description	Benefits	Challenges
As-needed	Open-ended and based on current needs; common for reserve accounts	Simple to implement	Could erode corpus and may not keep up with inflation
Fixed dollar	Board sets a fixed amount that will be drawn from the endowment annually	Simple to implement; known dollar amount each year	May not keep up with inflation; if amount is too high, could erode corpus
Fixed dollar + inflation	Fixed dollar but increases with inflation each year	Simple to implement; known dollar amount each year	If amount is too high, could erode corpus
Annual % withdrawal	Board sets a withdrawal rate based on year-end balance; per UPMIFA, up to 6%	Simple to implement; can build flexibility to say up to x%; has the potential to protect corpus	Variable amounts each year; difficult to budget/plan
Annual % withdrawal + smoothing	Board sets a withdrawal rate up to 6%; withdrawal is based on multiple periods (e.g., rolling 12 quarters)	Can build flexibility to say up to x%; has the potential to protect corpus with appropriate asset allocation	Reduces withdrawal variability; can dip into corpus (allowed by UPMIFA)
Hybrid	Combines fixed dollar and spending rate	More complex	Provides more stability for budgeting; could be more aggressive at reducing overall balance in negative markets

IPS Components

ROLES AND RESPONSIBILITIES

	Policy	Implementation	Execution	Control
	Return objectives Risk tolerance Asset allocation	Sub-asset classes Manager structure	Manager selection Performance benchmarking	Reviews results vs. guidelines and objectives
Board of trustees	Formally approves	Oversees	n/a	Oversees
Finance/investment committee	Determines/makes recommendations	Formally approves	Oversees	Reviews advisor
Staff	Oversees	n/a	Oversees	Reviews advisor
Investment advisor	Consults	Consults	Determines	Complies with guidelines

IPS Components

INVESTMENT PHILOSOPHY/STRATEGY

Lay out the overall philosophy of the board/committee so that the investment advisor can manage assets accordingly.

CONSIDER:	Risk tolerance
	Liquidity needs
	Active vs. passive
	Overall financial objective

IPS Components

ASSET ALLOCATION

This section covers target allocations and controls for risk through specifying permissible investments.

Asset allocation targets
with min. /max. range

Permissible/prohibited
investments

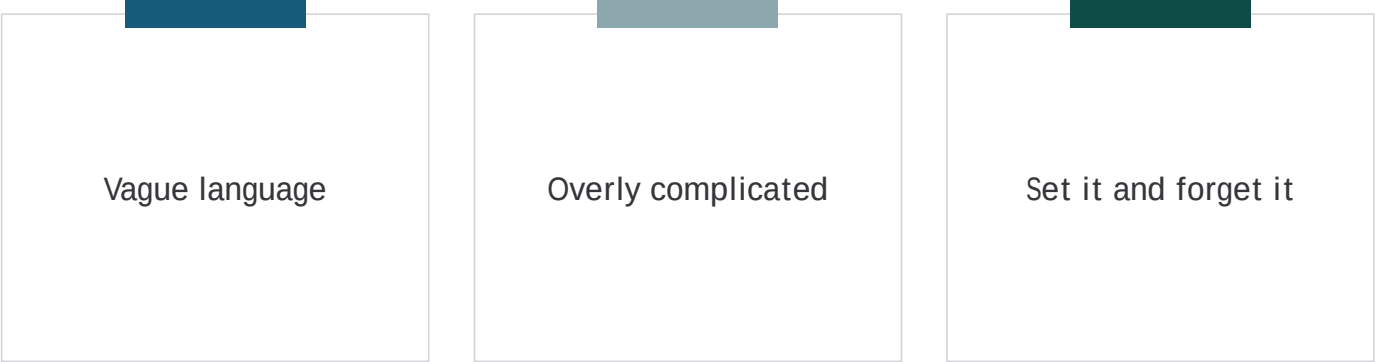
Values-based
investments

IPS Components

PERFORMANCE MEASURES

- Ways to measure performance
 - Absolute targets
 - Blended benchmarks
 - Are the benchmarks appropriate?
 - Fund vs. benchmarks
 - Combination of the above
- Consider an evaluation window
- If underperformance or mismanagement of assets occurs, the organization should have a process in place to quickly identify problems and resolve issues

Common Pitfalls



Common Pitfalls

EXAMPLES

Section	Sample	Considerations
Objectives	<i>The objective of the fund shall be defined as: To preserve and enhance the purchasing and earning value of the funds, and to seek competitive investment performance versus appropriate or relative benchmarks. This objective shall be measured primarily by comparing investment results over a five-year period.</i>	▪ It's good that the language mentions preserving purchasing power — how will this be measured? ▪ Are there spending requirements? ▪ Is a five-year period long enough?
Permissible/prohibited investments	<i>No investments in companies that fail to meet our organization's values.</i>	▪ Being vague allows for flexibility but doesn't provide direction for advisors. ▪ Specify if indirect exposure (through funds) is acceptable. ▪ Are there acceptable thresholds, or is there no tolerance at all? ▪ How will compliance be evaluated? ▪ Be prepared to discuss evaluation of individual companies (e.g., no fossil fuel exposure — should Costco be excluded due to their gas stations?).

Common Pitfalls

EXAMPLES — ASSET ALLOCATION

Security Class	Portion of Funds
International/global equities	20%
U.S. equities	56%
International/global fixed income	3%
U.S. fixed income	13%
Money market/Treasury obligations	8%
TOTAL PORTFOLIO	100%

- Good detail on various asset classes
- Simple target allocations with no max./min.
 - Is a 58% U.S. equity position in violation of the IPS?
 - Can also set rebalancing bands here
- Cash drag

Thank You



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3:45 – 4:35 p.m.

Ethical AI Practices for CPAs: Ensuring Responsible Use

John Higgins, CPA, CITP, *Strategic Technology Advisor, Higgins
Advisory, LLC*

Ethical AI Practices: Ensuring Responsible Use



Presented By
John H. Higgins, CPA.CITP
Rochester, Michigan



Learning Goals

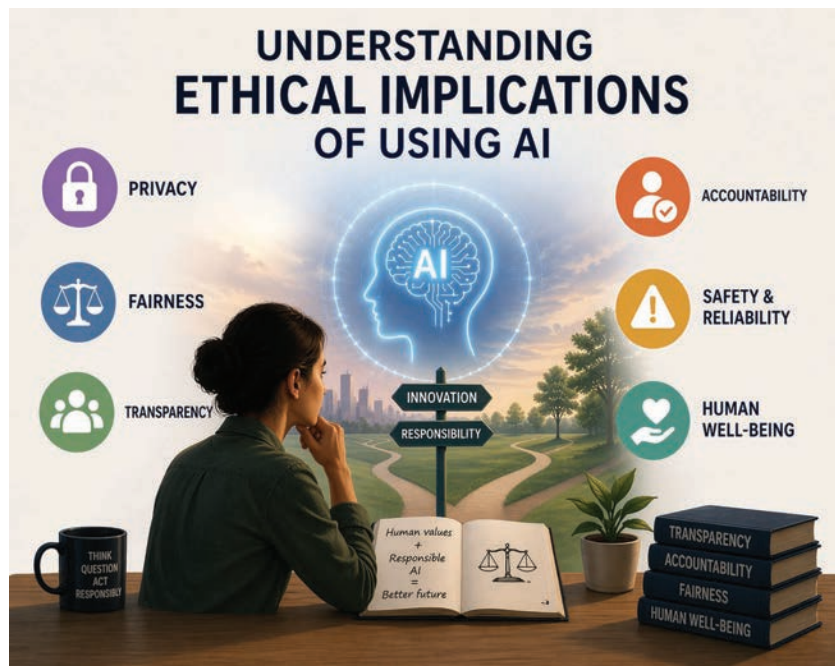


- Recognize the ethical dilemmas and risks associated with AI applications that exist
- Identify practical guidelines for ensuring ethical use and minimizing the risks



Presentation Outline

- Understanding ethical implications of using AI
- AI ethical implications and risks and how to mitigate them
- Wrap-up



“The new spring in AI is the most significant development in computing in my lifetime. Every month, there are stunning new applications and transformative new techniques. But such powerful tools also bring with them new questions and responsibilities.”

Sergey Brin
Co-founder Google



“The most important thing to know about AI, it is the first technology in history that can make decisions by itself and can create new ideas by itself.”

Yuval Noah Harari
Best Selling Author – Sapiens

“ . . . And can take actions by itself”

John Higgins, CPA

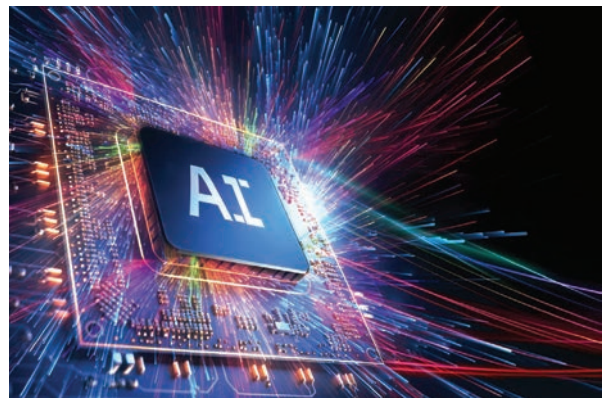
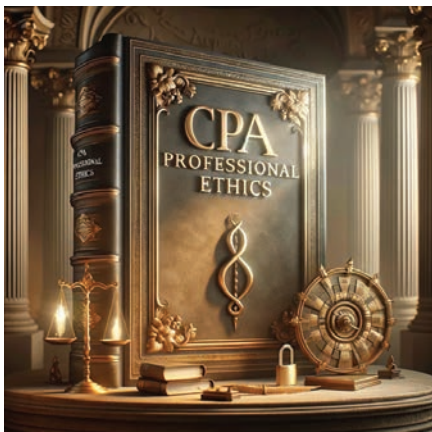


The Key Ethical Dilemmas . . .

- Is my private data private in AI?
- Is my AI output accurate?
- Is my AI output authentic?
- Is my AI content discoverable in litigation?
- Is my AI usage and content auditable?
- Is my AI output in copyright violation?



AICPA Code of Conduct and AI



Key Principles of Professional Conduct

- Act in the public interest
- Integrity
- Objectivity and Independence
- Due care



AICPA Code of Conduct
Full Text



ChatGPT Summary
with AI



Additional Regulatory Entities to Consider

- State Board of Accountancy
- Federal, State, Local Government
- SEC (Securities and Exchange Commission)
- PCAOB (Public Company Accounting Oversight Board)
- DOL (Department of Labor)
- GAO (Government Accountability Office)



AI Ethical Implications and Risks and How to Mitigate Them

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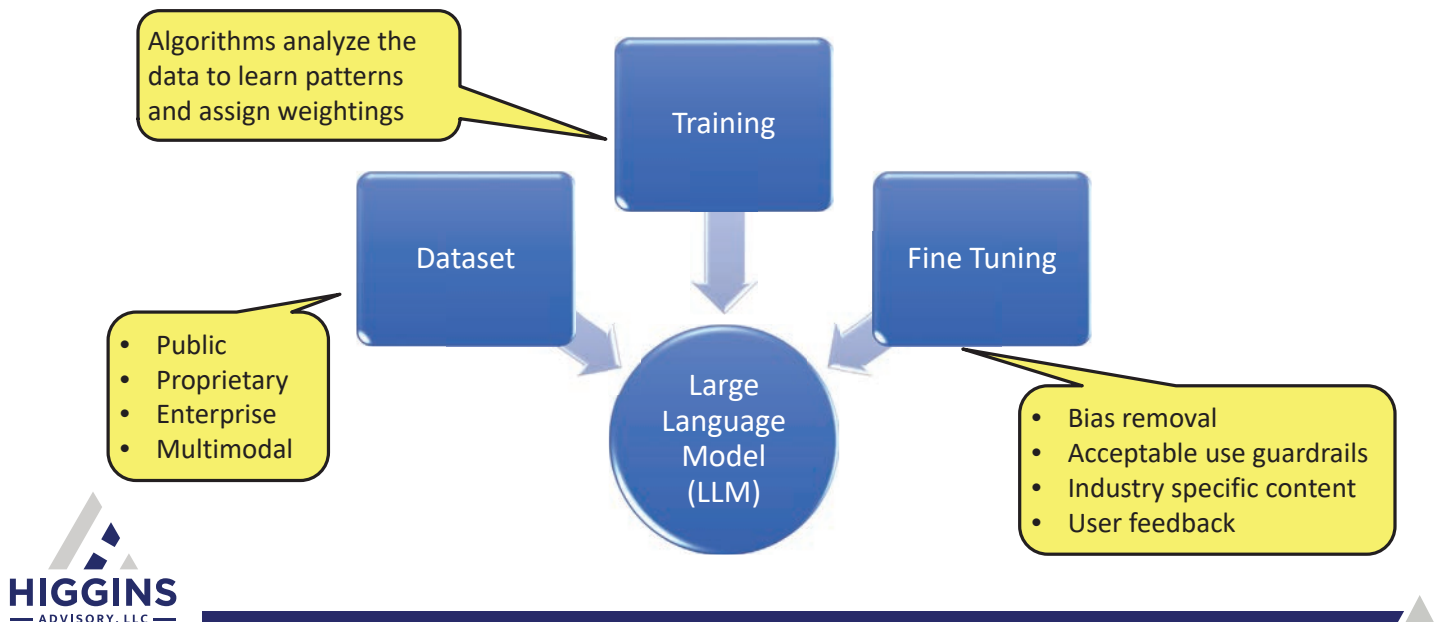
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A Simple Generative AI Example

- **Prompt:** What is AGI?
- **Response:** AGI stands for Artificial General Intelligence.
- **Prompt:** In the context of income taxes.
- **Response:** In the context of *income taxes*, AGI refers to *Adjusted Gross Income*.



Large Language Model (LLM) & AI Risks



LLM Source Data Ethical Risks

- AI model developer determines the source data
- Source data will have inherent biases
- Source data may have copyright protection



LLM Training Algorithm Ethical Risks

- AI application developer defines the algorithms that train the data
- Different weightings can be assigned to different classifications of data to remove / embed biases

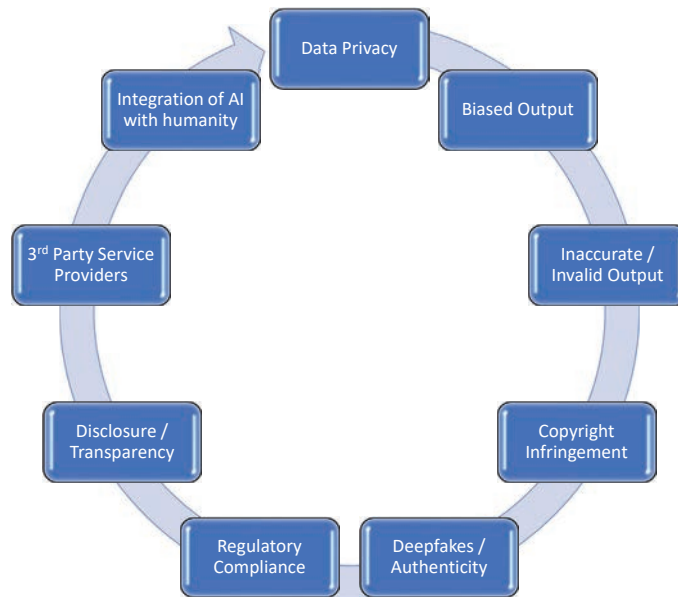


LLM Evaluation and Fine-tuning Ethical Risks

- AI application developer defines the parameters of the “guardrails” to exclude/ prevent inappropriate data
- AI developer defines “acceptable use” policies for user prompts



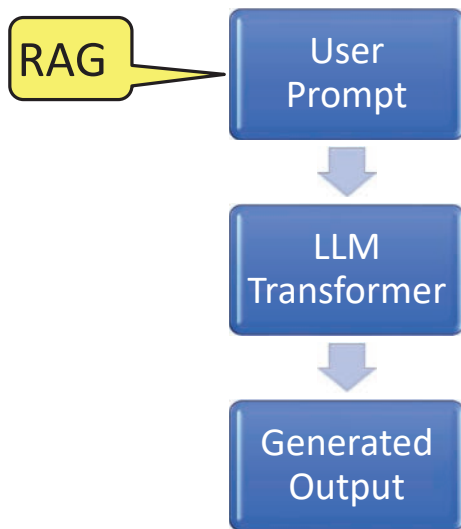
AI Ethical Implications and Risks



Data Privacy Risks

- External – Confidential data may be passed over to AI model
- Internal – Users may access unauthorized company data via AI

RAG (Retrieval Augmented Data) and Privacy Risk



Sources of RAG

- File uploads
- Worldwide web
- Internal app data
- Enterprise data

Data Privacy Risk Mitigation

- Understand and configure AI app data privacy controls
- Anonymize prompt data by removing any entity or personal identifying information (practical limits)
- Audit internal data access controls to ensure users only have access to data they are authorized to access

Biased Output Risk & Mitigation

- **Bias** – Prejudice for or against a person, group, idea, etc.
- AI model based on real world data
- AI developer can embed bias in the transformer
- Mitigation can be invoked via the prompt



Example prompt

AI Output Accuracy and Validity Risk & Mitigation

- Generated output may be inaccurate (hallucination)
- Establish a process for validating accuracy
 - ✓ Emphasize using your RAG data
 - ✓ Regenerate output – modify prompt / iterate prompt / prompt alternate model(s)
 - ✓ Require source citations in prompts
 - ✓ Implement a secondary review process

Prompt Citations Request Example

- Provide a summary of current cryptocurrency tax treatment in the U.S. Support all key points with citations from authoritative sources such as the IRS, SEC, or FASB. Include inline citations and a reference list with direct links to the original publications. If no reliable source exists for a claim, explicitly state that.
- Do not provide general or aggregated citations—each material statement must map to a specific source reference.



Prompt example

Copyright Risk & Mitigation

- AI output may be generated using copyright protected data
- You are ultimately responsible
- Indemnification policy varies by developer
- Avoid publishing comprehensive output verbatim.
- Use plagiarism tools, e.g. [iThenticate](#)



Deepfakes / Authenticity Risk & Mitigation

- AI generate output – image, audio, video
- Difficult to determine legitimacy
- Educate staff on what to look for
- Utilize safe word / phrase
- Dual authorization for ALL payments above \$ threshold



Regulatory Compliance Risk & Mitigation

- AI usage may not be in compliance with legislation, regulation, professional standards, etc.
- Develop a scheduled prompt to monitor appropriate authorities for new standards.



Scheduled AI Compliance Update

Search for new or updated guidance, rules, enforcement actions, standards, proposals, staff interpretations, inspection findings, or compliance requirements related to the use of Artificial Intelligence (AI) technology that may apply to my work as a licensed Certified Public Accountant (CPA) in the United States. Monitor the following regulatory and standard-setting bodies: • FASB (Financial Accounting Standards Board) • SEC (Securities and Exchange Commission) • PCAOB (Public Company Accounting Oversight Board) • DOL (Department of Labor) • GAO (Government Accountability Office) • Federal, state, and local taxing authorities, including the IRS (Internal Revenue Service). Focus specifically on items that reference or reasonably affect: • Artificial Intelligence (AI) • Generative AI • Machine learning • Algorithmic or automated decision systems • AI governance, controls, or risk management • AI use in accounting, auditing, tax, financial reporting, compliance, or internal controls. For each relevant item found, provide: 1. Agency name 2. Title of the publication or action 3. Date issued or updated 4. Direct link to the source 5. A concise summary written for CPAs and CFOs 6. Why this matters from a CPA compliance or professional responsibility perspective 7. Practical action items I should consider 8. A confidence level (High / Medium / Low) that this item creates or modifies CPA compliance obligations. If no relevant AI-related updates are found for an agency during this period, explicitly state: "No AI-related updates identified for this agency during the current monitoring period." Organize the output by agency, with the newest items listed first.



Example prompt



Disclosure / Transparency Risk & Mitigation

- Currently little or no guidance from legislation and professional standards.
- Rely on your ethical framework
- Disclose relative to your usage and output
- Avoid using verbatim output
- Maintain an auditable trail of AI usage
- Apply consistent to other research tools
- You are ultimately responsible for the information



Using Projects in ChatGPT for Audit Trail



Example project

3rd Party Service Provides Risk & Mitigation

- AI provider may be the source of many of these risks identified.
- Apply due diligence in selecting AI tools
- Permit only usage of approved AI tools
- Disclose usage via contracts / engagement letters as per other 3rd party application usage

Integration of AI & Humanity Risk & Mitigation

Machines are getting
more like humans



Humans are getting
more like machines

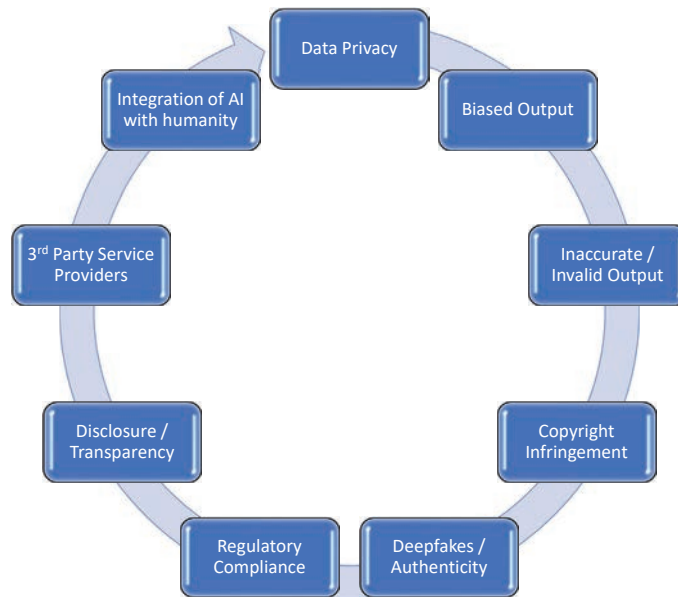


Integration of AI & Humanity Risk & Mitigation

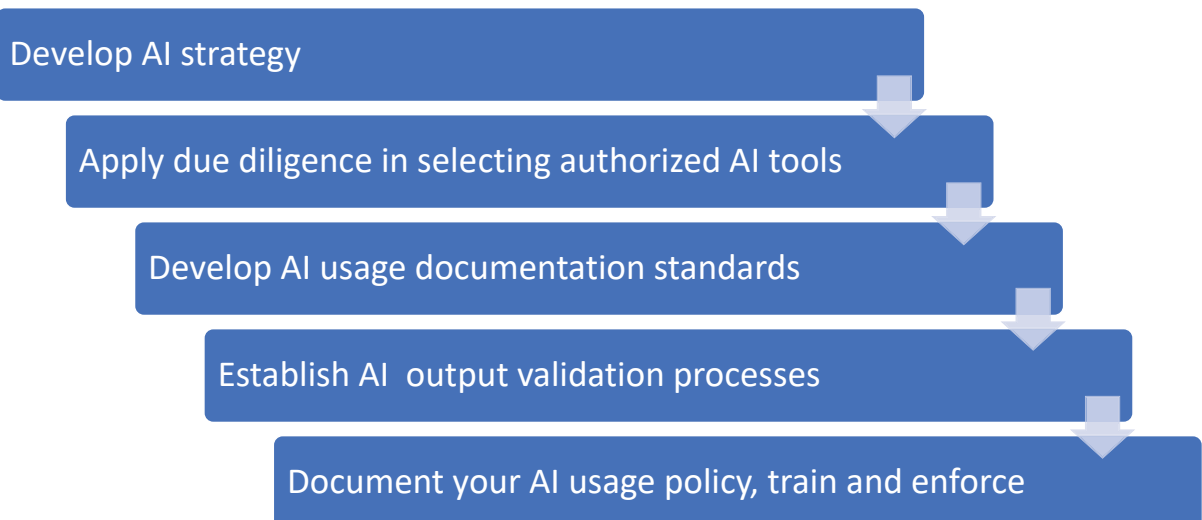
- Many people are sleepwalking about AI
- Many people fear losing their job
- Overwhelming majority of people have a negative view of AI
- Develop your “talent stack” AI strategy
- Communicate clearly and consistently to staff
- Invest in staff AI upskilling to leverage domain knowledge



AI Ethical Implications and Risks



Responsible AI Usage Policy Recap



WRAP-UP



In Summary

- There are many ethical implications and risks associated with using generative AI technology
- Specific standards and regulations are currently limited
- Develop an AI usage policy for your organization
- Educate your staff on the risks of AI
- Use your core ethics as your foundation to guide you!

Thank you!!!

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