CPAs and Texas Society of Certified Public Accountants.

Isaac M. O'Bannon • Nov. 03, 2014

Most CPA firms reported modest increases in revenue in 2013, with a stable or brightening profit picture, according to a recent survey by the American Institute of CPAs and Texas Society of Certified Public Accountants.

Every CPA firm segment—from the smallest practices with less than $200,000 in

owner," which measures revenue minus expenses before partner-related compensation is factored in. The 2014 survey results are largely in line with 2012 in this category, based on percentages of net client fees across seven different firm-size segments. But where the 2012 survey showed an uptick in owner compensation, this year's survey suggests a pullback. One explanation: Owners are building up equity in the business to give themselves options going forward.

"We're seeing many firms take conservative steps to ensure the sustainability of their organizations," said Mark Koziel, CPA, CGMA, the AICPA's vice president of firm services and global alliances. "They're plowing money back into the firm or reserving it for future use rather than doling out every penny in profit to owners and partners. Succession planning, budgeting for new hires, merger strategy and hedging against uncertainty all play a factor in this kind of decision-making."

Professional salaries—the largest category of expense for CPA firms– increased 6.9 percent from 2012 for the smallest practices, and stand at just over 16 percent of net client fees. Firms with revenues between $200,000 and $750,000 recognized smaller increases in this category, while professional salaries expense remained flat for firms with revenues of $750,000 and up. This category excludes owners.

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