CFO Series

AI in the Digital World

Technology's Impacts

Part 1/4

September 21, 2026

Presented by: Rob Berry, MBA, CPA, CIA, CISA

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THE KNOWLEDGE INSTITUTE

Living in the World of AI

How AI Has Changed Ethics

Written by

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About the Author

- ✓CPA & CFE
- ✓Business owner
- ✓Fixer of messes
- ✓Loves projects and puzzles
- ✓Fascinated by all things technological
- ✓Excel master
- ✓QuickBooks whisperer
- ✓Pilot, chef, proud mama and spouse.



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Today's Topics

- ✓ Direct risks from AI - bias, misinformation, and lack of transparency
- ✓ Organizational impacts
- ✓ Responsible use of AI
- ✓ How has AI changed ethics?
- ✓ Establishing policies for ethical and sustainable use

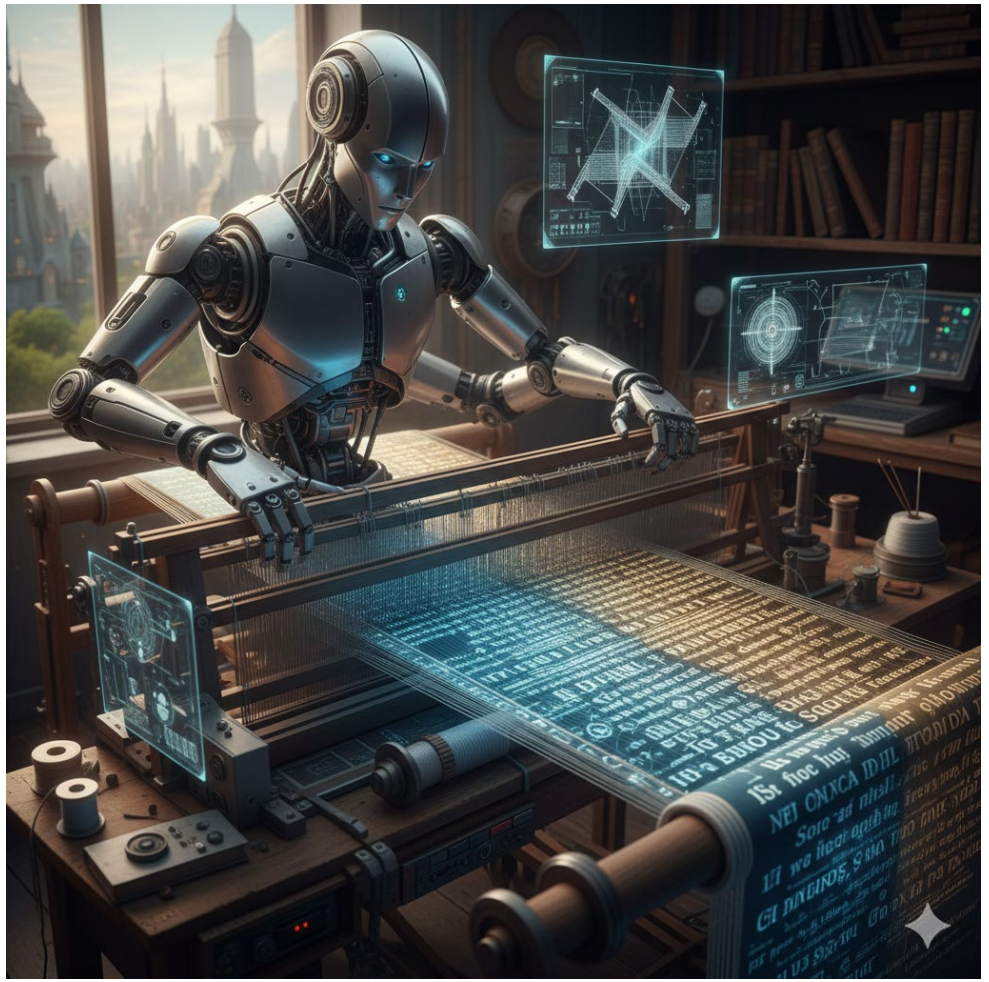
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The Ethical Tension: Should We Use AI… or Not?

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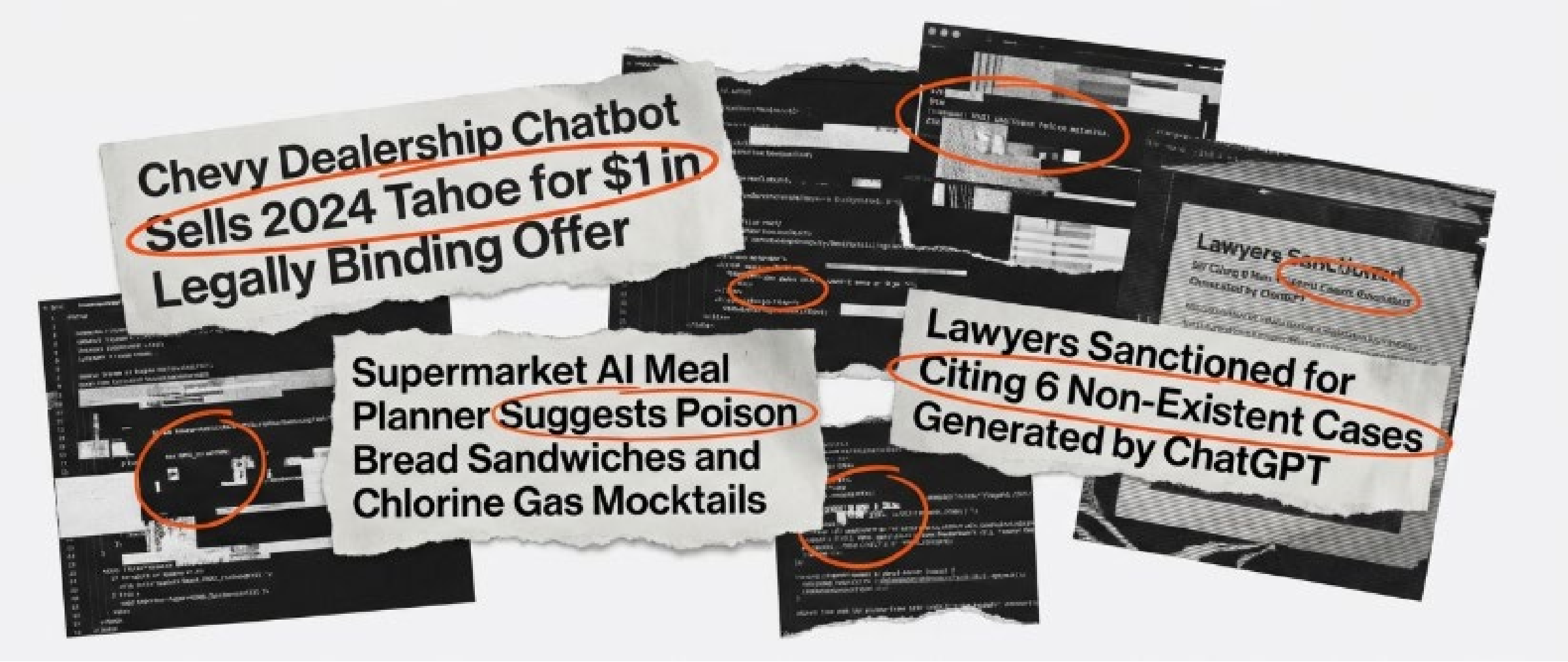
AI is Already Part of the Fabric

- Embedded in systems **and** everyday content
- Often unlabeled or difficult to detect
- Designed to sound authoritative and confident
- Influencing decisions, opinions, and judgment



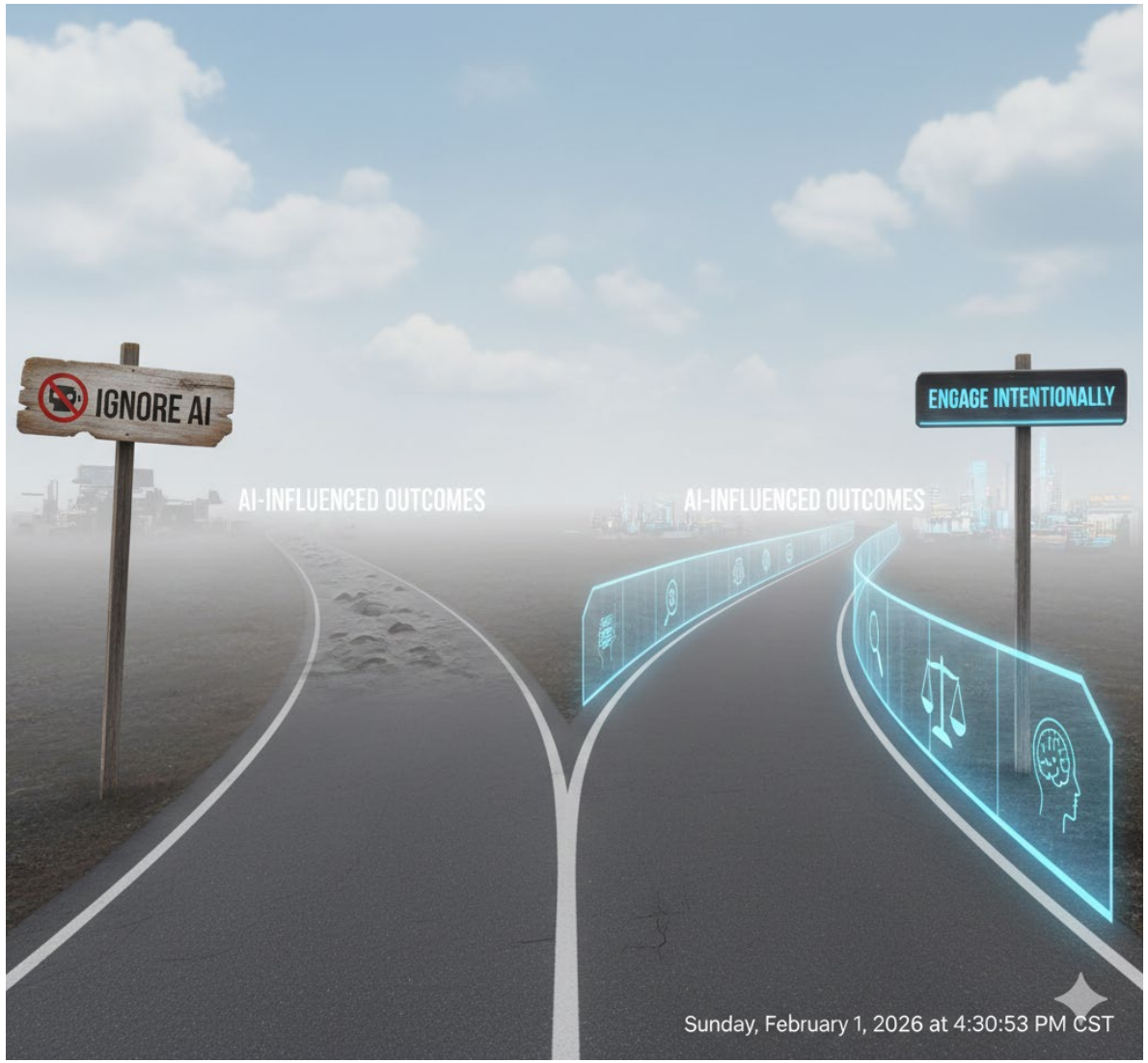
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The Risks Are Real (and Public)



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The Decision Has Already Been Made



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The Ethical Cost of Abstinence



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Informal AI: What Employees Are Already Doing *aka: Shadow AI*



Above the surface:

- ✓ Approved tools
- ✓ Official workflows

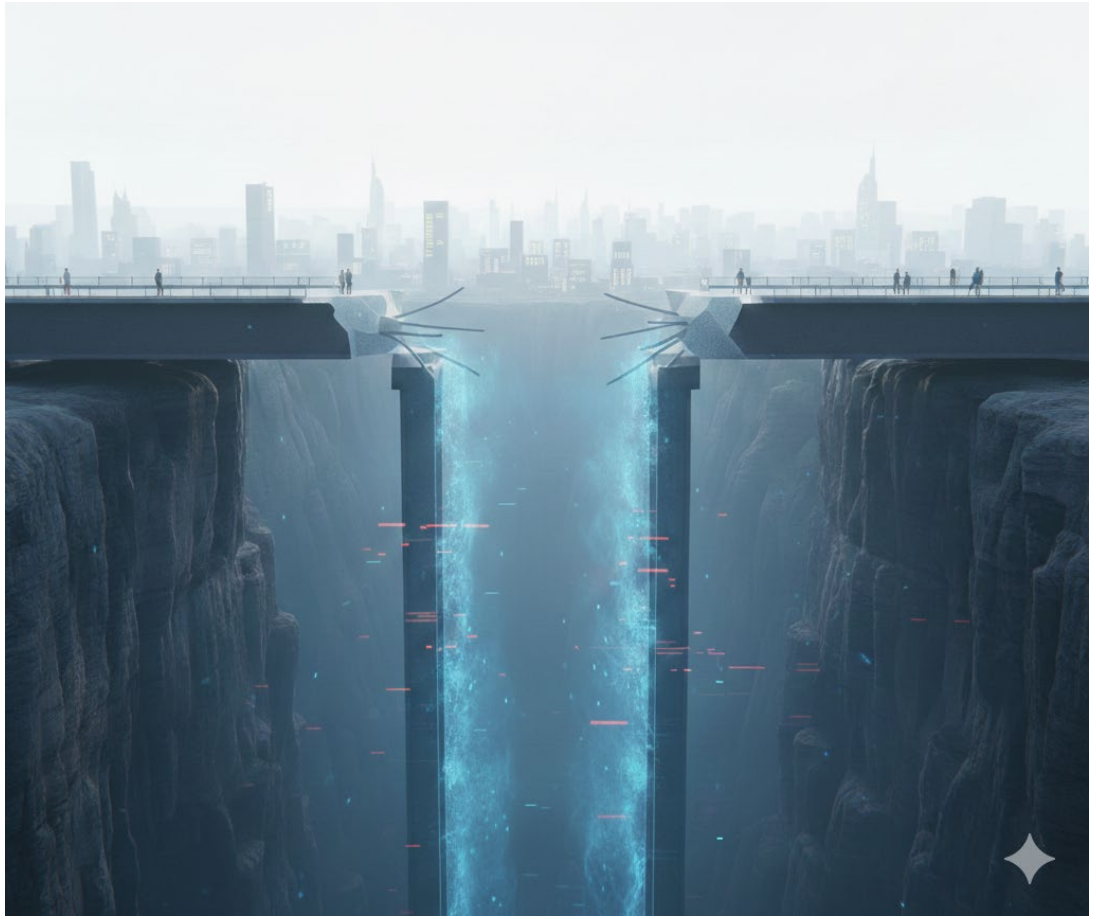
Below the waterline:

- ✓ Chatbot emails
- ✓ AI document summaries
- ✓ AI generated research
- ✓ AI decision support

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The Gap Between Policy and Reality

The gap is where ethical risk exists



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Case Discussion 1

Your Use of AI Chatbots?

1) Have you used AI chatbots?
   a) Yes, or
   b) No.

2) If 1 a) was Yes, which chatbots? (e.g., Claude, Gemini, Copilot, Chat GPT, Perplexity, Pi, Duck.ai, or _____)

3) Why did you choose that tool(s)?



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Efficiency vs. Responsibility: A False Tradeoff

EFFICIENCY

- Fast
- Automated
- AI-Assisted



RESPONSIBILITY

- Reviewed
- Accountable
- Responsible

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Professional Judgement Required

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Polling Question 1

Bananas Are:

a) Berries,

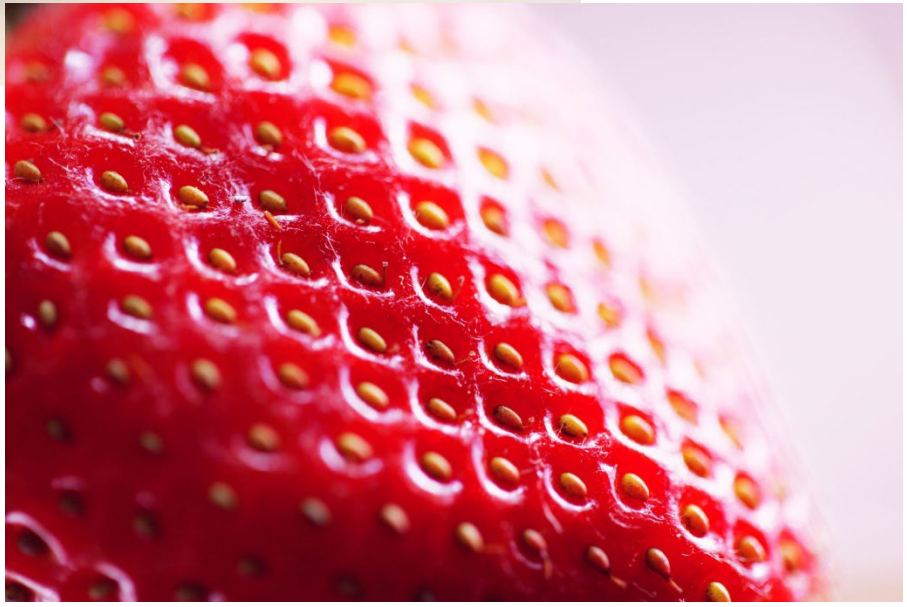
b) Vegetables,

c) Just fruit - obviously,

d) Technically herbs, or

e) None of the above.





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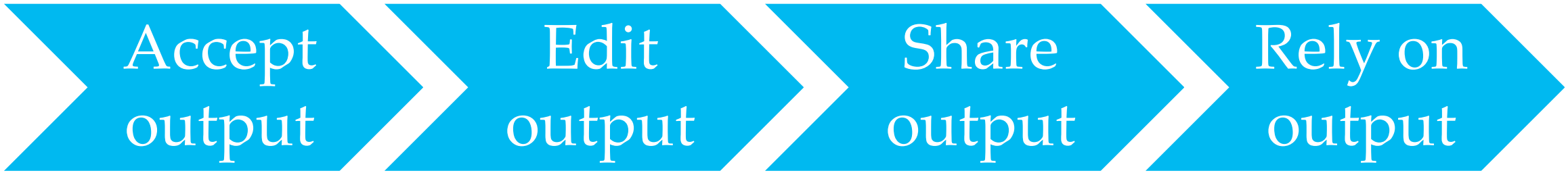
Professional Judgment in an AI World

- Technical accuracy
- Context and intent
- Source reliability
- Bias and assumptions
- Consequences



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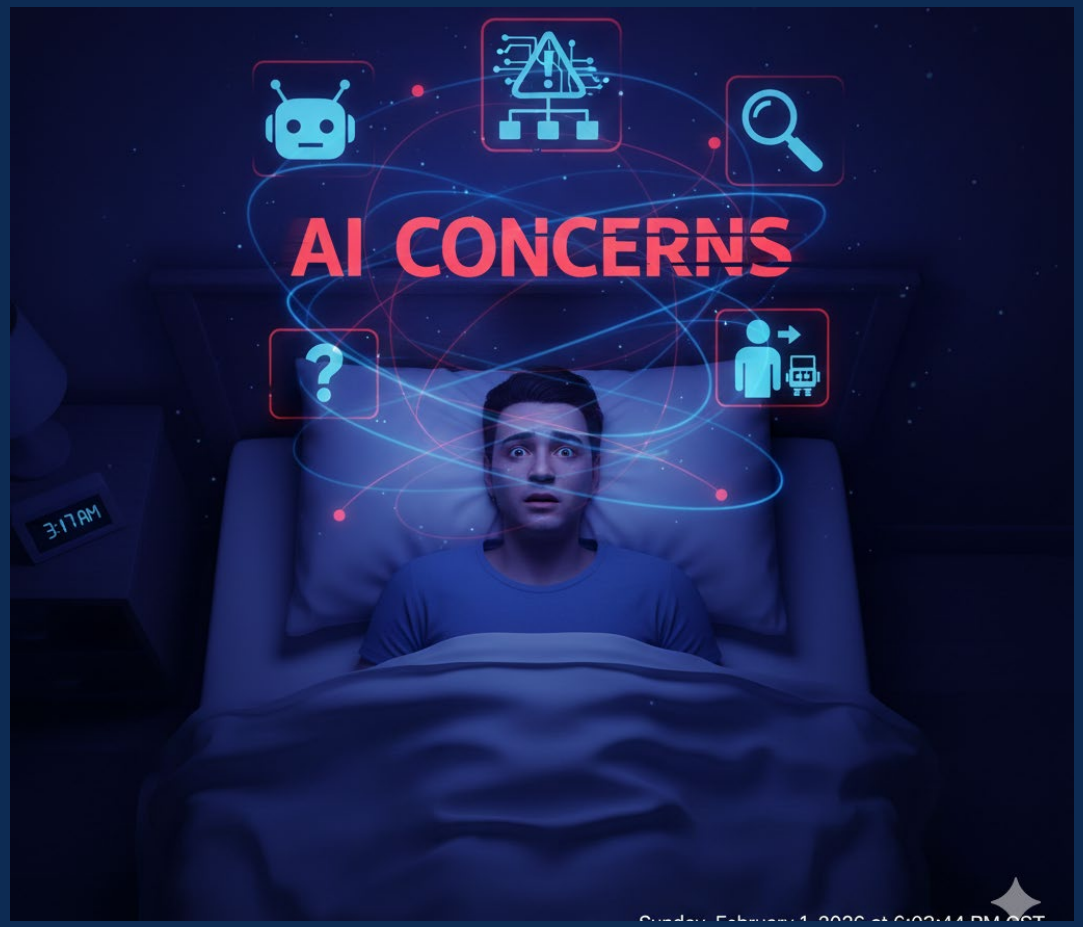
Where Ethics Actually Enters the Conversation



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What Keeps Leaders Up at Night About AI?

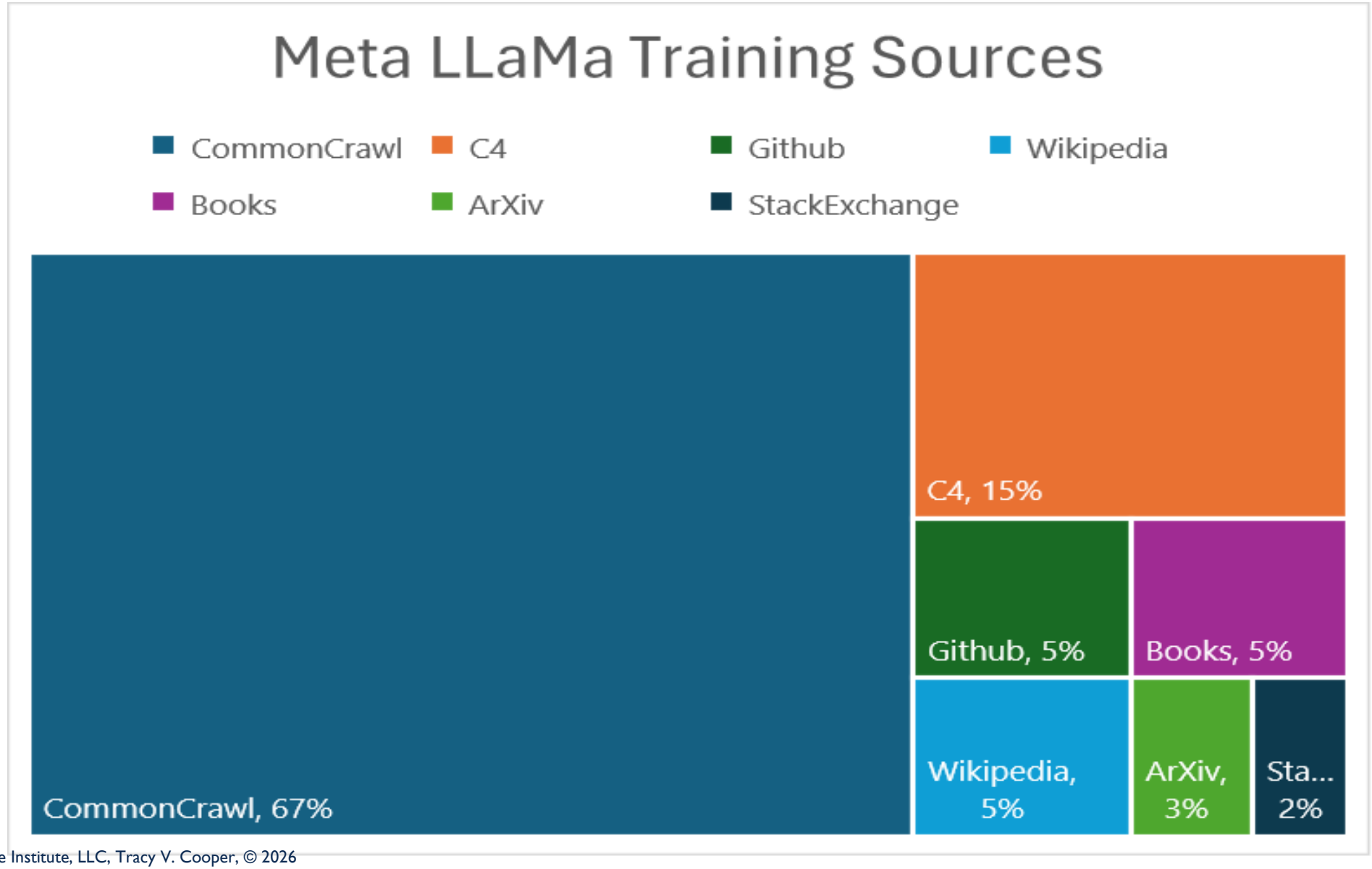
- Reputational risk
- Liability
- Accuracy
- Consistency
- Trust
- Ignorance



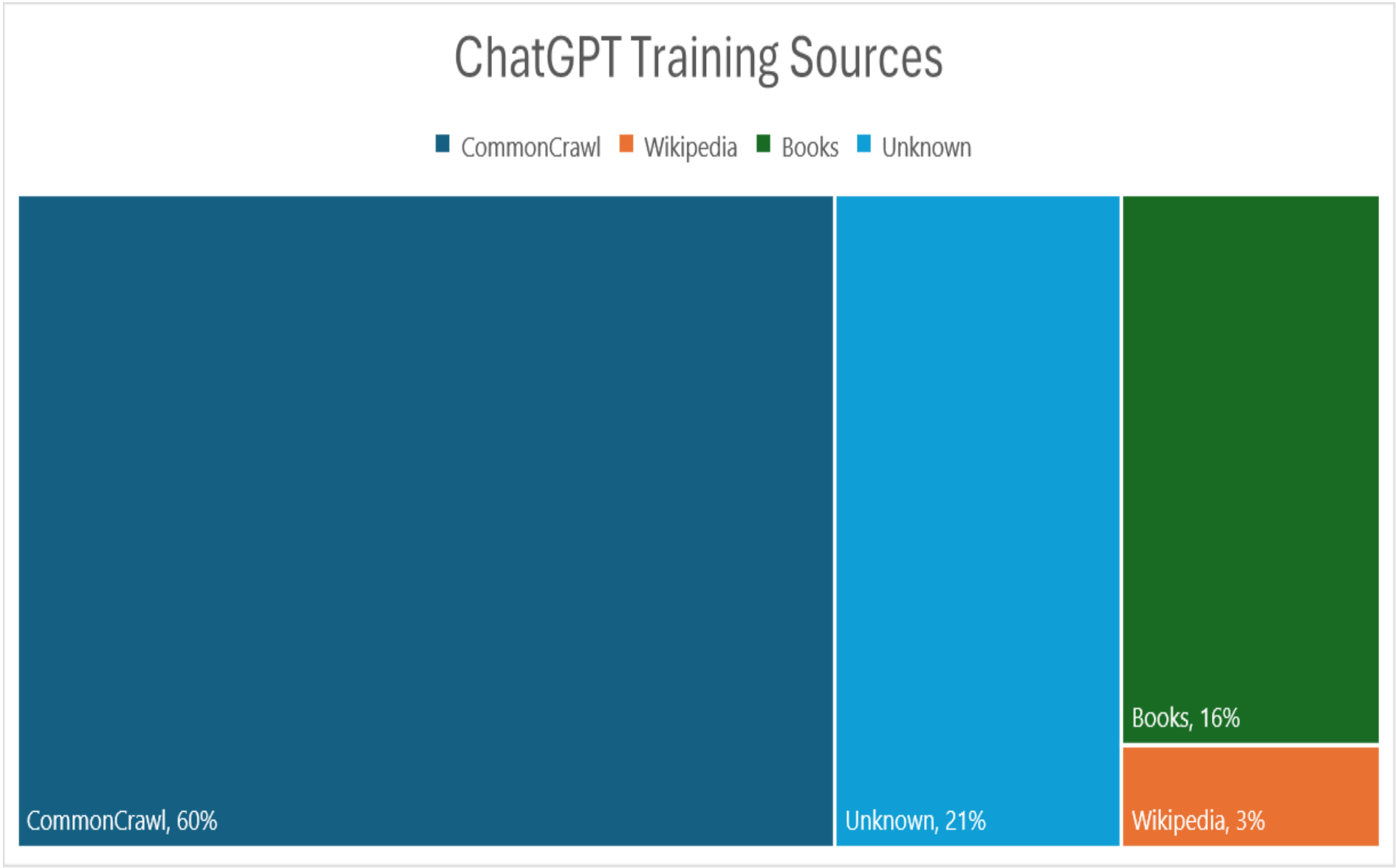
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Where AI Goes Wrong: Hallucinations, Bias, and False Confidence

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Polling Question 2

Who's Most at Risk of Being Replaced by AI?

a) The intern who says "I just copied last month's numbers."

b) The controller who double-checks everything.

c) The spreadsheet that's been untouched since 2017.

d) The person who made that spreadsheet and is the only one who knows how it works.

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GARBAGE....



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Hallucinations



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Case Discussion 2

Hallucinations?

1) Have you seen nonsense, hallucinations or ‘slop’ from AI? The response did not make sense.
   a) Yes, or
   b) No.

2) How did you know it was a ‘hallucination’?



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What "Hallucinations" Really Look Like

Case: In early 2025, researchers found that **Google's "AI Overview" search feature** (a generative search tool) presented a *satirical article about "microscopic bees powering computers" as factual information* — spreading a fabricated idea with no basis in reality. The system did this **without intent to deceive** and with plausible wording, illustrating how easily AI can elevate a joke or satire into something that looks authoritative.

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What “Hallucinations” Really Look Like



Case: A major AI-generated travel article (associated with Microsoft’s news ecosystem) **listed a city’s food bank as a “tourist destination”** — a subtle, plausible-sounding error that isn’t obviously fake at first glance. While not outright bizarre, this misclassification could mislead readers or weaken trust in content tools.

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Polling Question 3

According to the Official "Rules of the Roadrunner" Cartoon, Which of These is a Real Rule the Writers Had to Follow?

a) The Roadrunner can never leave the road,

b) Wile E. Coyote's injuries must always be self-inflicted or caused by ACME failure,

c) The Coyote is never allowed to speak (except to use "Help!" signs), or

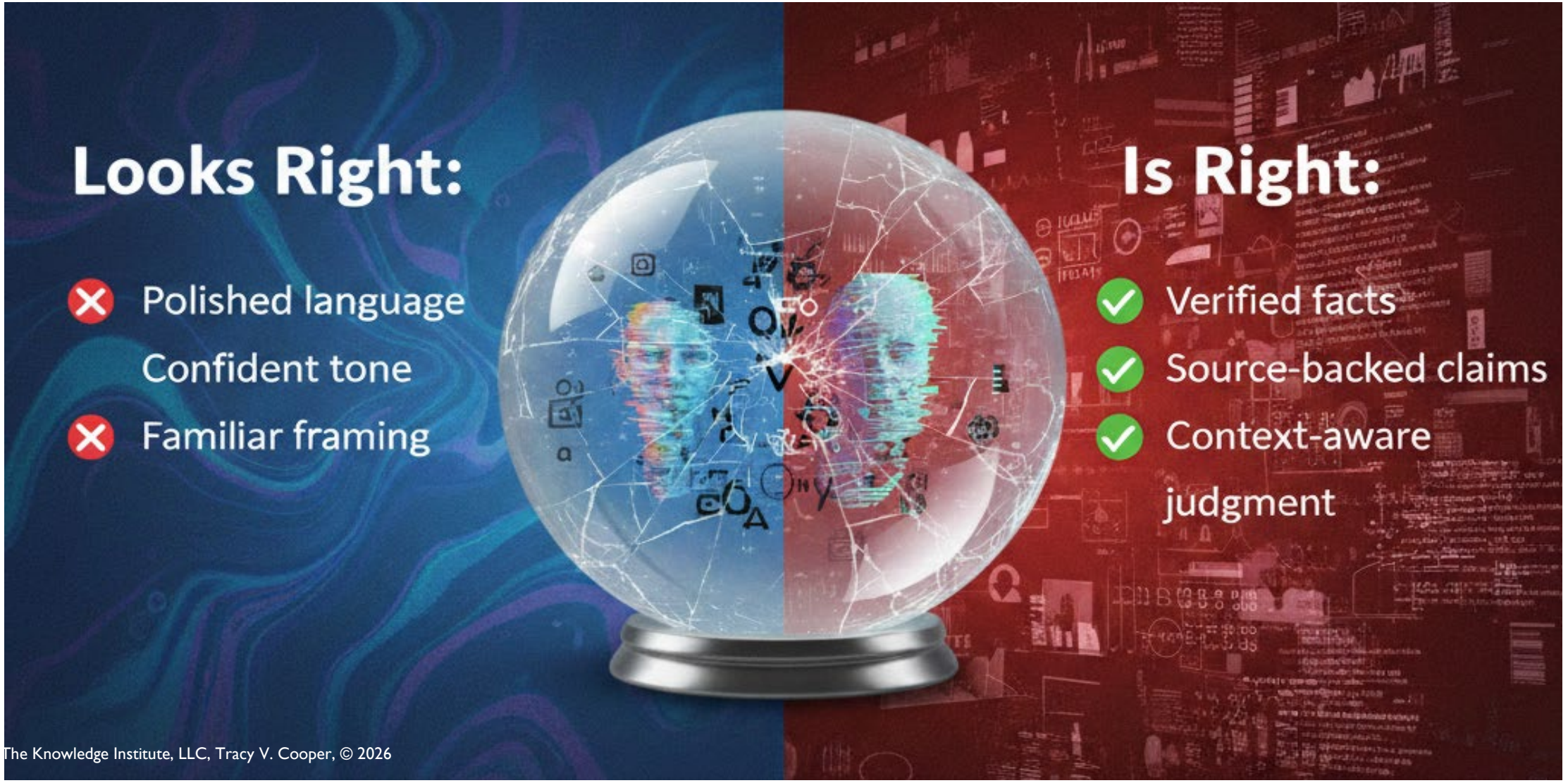
d) All of the above.



Wile E. Coyote and Road Runner characters, names, and all related indicia are TM & © Warner Bros. Entertainment Inc.

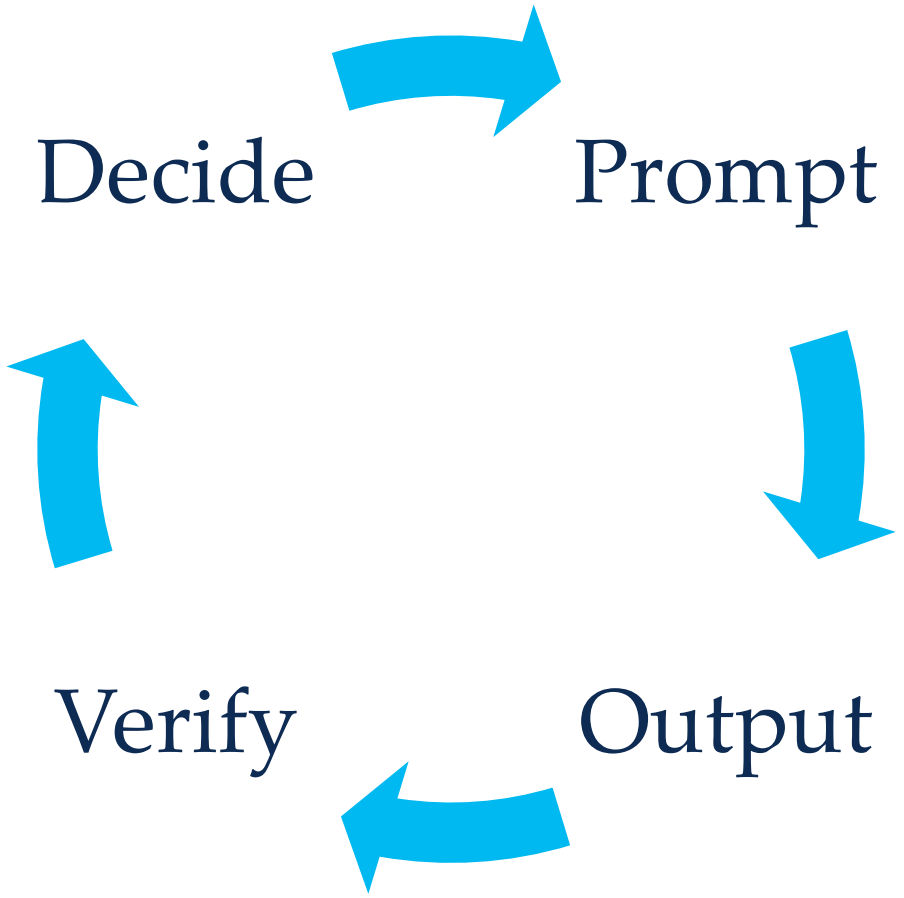
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Why Plausible Answers Are the Most Dangerous



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Trust But Verify

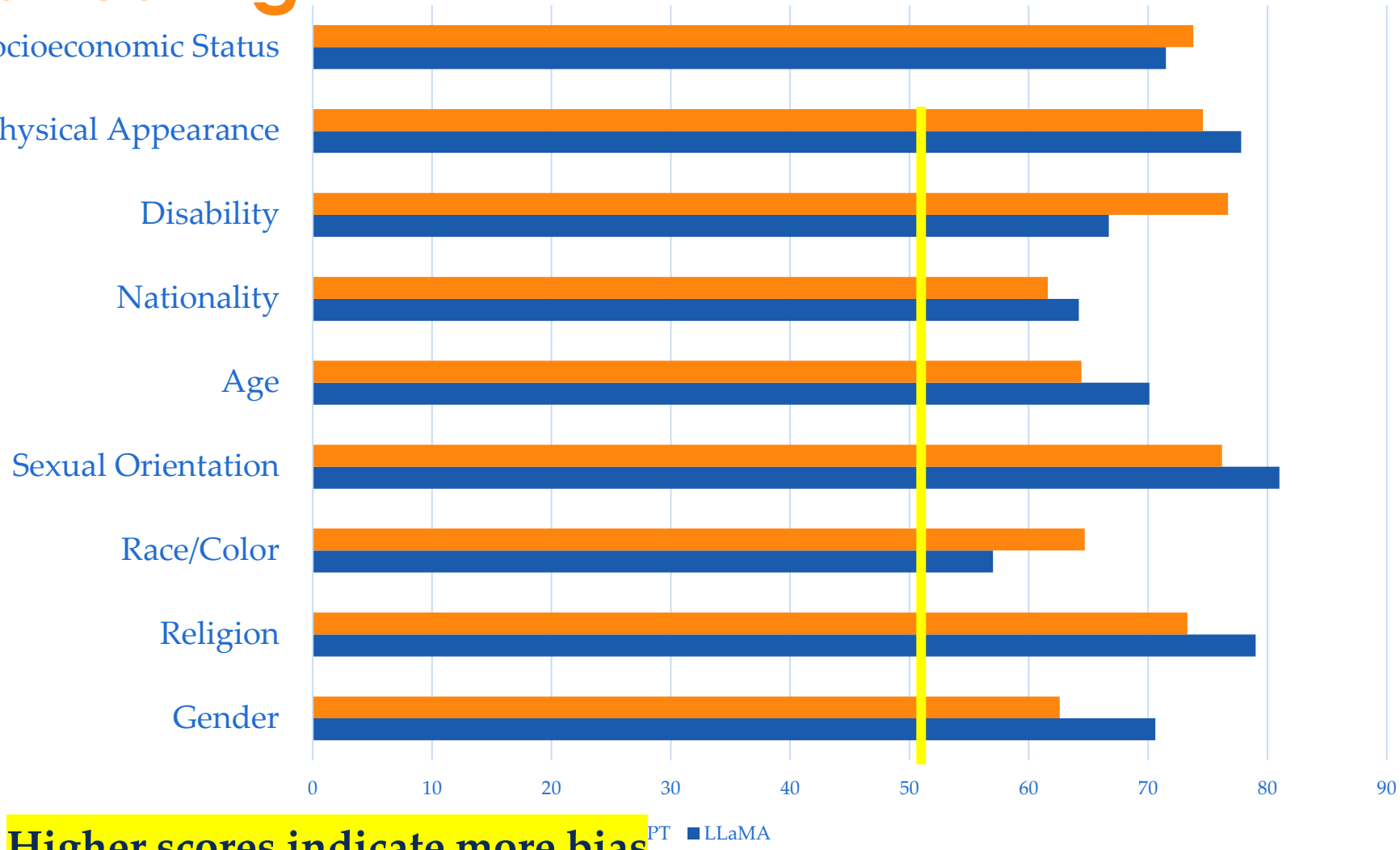


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BIAS

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Bias Testing



Higher scores indicate more bias

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Case Discussion 3

Down The Rabbit Hole



1) How does this story relate to using AI in a work circumstance?

2) Could you be pulled down the rabbit hole? How can you prevent it?

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Biased

"ChatGPT is politically biased. Researchers find a significant bias in ChatGPT toward Democrats in the United States and the Labour Party in the U.K. This finding raises concerns about the tool's potential to influence users' political views, particularly in a year marked by major global elections."

Source = Stanford University Human-Centered Artificial Intelligence Report 2024
https://aiindex.stanford.edu/report/



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Polling Question 4

Coffee is Best When it is:

a) Nuclear hot,

b) Warm enough to drink immediately,

c) Reheated three times,

d) No coffee, just vibes.



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Bias

Bias Type	Causes	Examples
Data Bias	Skewed samples, underrepresentation	AI hires fewer women/Black candidates
Algorithmic Bias	Model design amplifies patterns	LLMs show political or social leanings
Societal Bias	Historical inequalities reflected in data	Credit, healthcare scoring disparities

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Digging Deeper

Finding

- ✓Large Language Models (LLM) trained on broadly scraped internet data can underrepresent women in professional contexts by about *41%* and minority voices by *35%*, which contributes to skewed outputs.

Mitigation – starts with awareness

Modify prompts to:

- Specify audience diversity explicitly
- Ask for multiple perspectives
- Require alternate framings



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Hiring

Finding

- ✓Studies show **AI hiring tools screening out candidates over age 40 at a 30% higher rate** than younger equivalents with equal qualifications.

Mitigation

- ✓Limit use to low-risk areas
- ✓Avoid high-risk prompt language
- ✓Challenge choices

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Self-fulfilling Prophecy

Finding

- ✓ In *educational and social contexts,* AI can replicate and even amplify social stereotypes because the data it learns from contains those same patterns.



Mitigation

- ✓ Use AI for drafts – not final
- ✓ Force infusion of diversity
- ✓ Train reviewers to look for absence, not just offense

AI Chatbot Scorecard: Bias, Safety, and Accuracy

Implicit bias remains pervasive even in "unbiased" models, requiring users to choose tools based on specific **safety** and **factuality** benchmarks.

WINNERS: SAFETY & ACCURACY LEADERS

CLAUDE 3.5 SONNET: The Safety Leader

Currently ranked as the safest model (0.977 score) with the highest level of response style control.

GEMINI 2.0: Best for Factual Grounding

Achieved the highest grounding score (83.6%) for generating accurate, detailed responses based on provided context.

OPENAI o1: The New Reasoning Champion

Outperforms previous models in complex tasks like PhD-level science, competitive math, and advanced programming.

LOSERS: BIAS & RELIABILITY CONCERNS

GPT-4: Persistent High Implicit Bias

Despite "unbiased" training, it continues to disproportionately associate women with humanities and men with leadership roles.

AMAZON (Recruitment AI): Systemic Bias

Systematically screened out women.

MICROSOFT TAY: Notoriously Racist

Became notoriously racist within hours of launch.

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NotebookLM

Polling Question 5

Is a Hot Dog Technically a Sandwich?



a) Yes: It is meat between bread. I am a literalist.

b) No: A sandwich requires two distinct slices of bread. The "hinge" changes everything.

c) I refuse to answer on the grounds that it may trigger a riot.

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Accountability and Trust: Who Owns the Outcome?

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Spotting Red Flags Before Damage Is Done

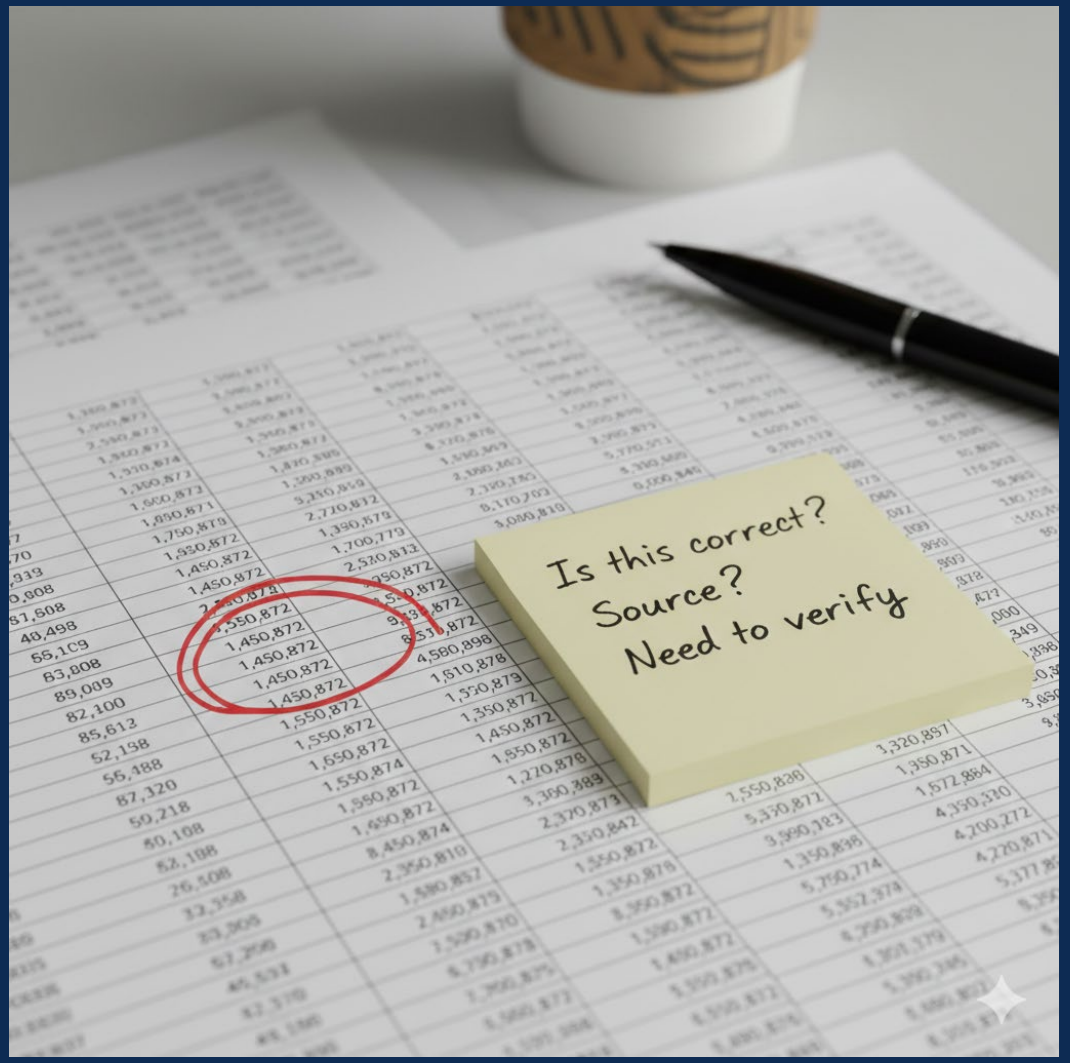


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When You Didn't Build the Model, but You Own the Risk

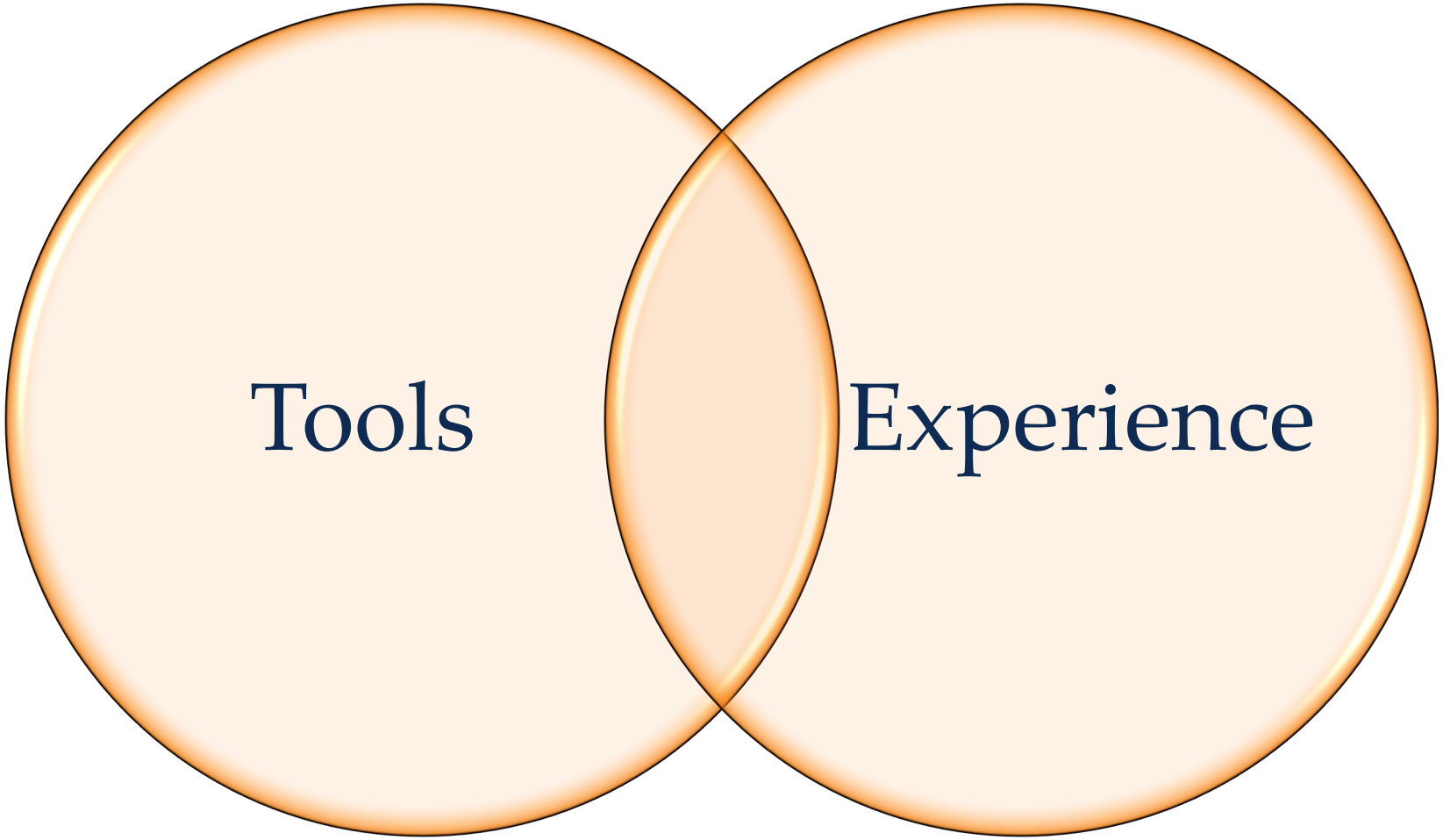
- Liability for chatbots
- Unintended contracts
- Regulatory noncompliance

Real world consequences



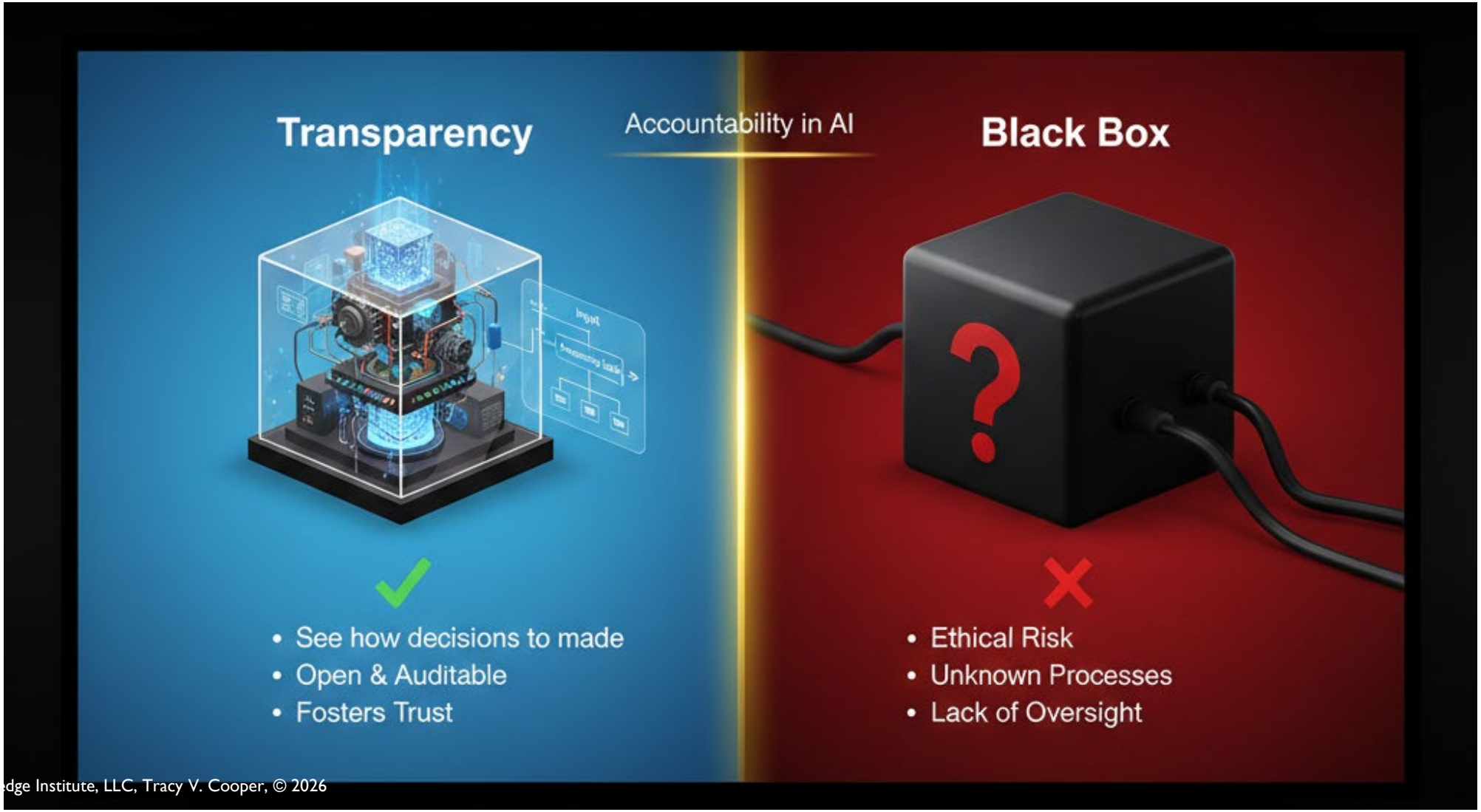
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Tools AND Experience



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Transparency vs. ‘Black Box’



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Documenting AI-Assisted Decisions

- Note when AI was used (what prompt, tool and task?)
- Capture the purpose
- Record key assumptions or constraints (document the prompts)
- Identify and document human review



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It's In The Code of Professional Conduct

The process - code section 2.000.010

1) Identify all threats
2) Apply safeguards
3) Reduce **all** threats to an 'acceptable level'
4) Consult with others
5) Prepare for a third-party review



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Polling Question 6

In the 19th Century, Before "Standard Time" Was Adopted, How Did Most Major U.S. Cities Determine What Time it Was?

a) They used the "National Clock" in Washington D.C. via telegraph.

b) Every city set its own "Local Noon" based on when the sun was highest.

c) Time was dictated by the local bank's opening hours.

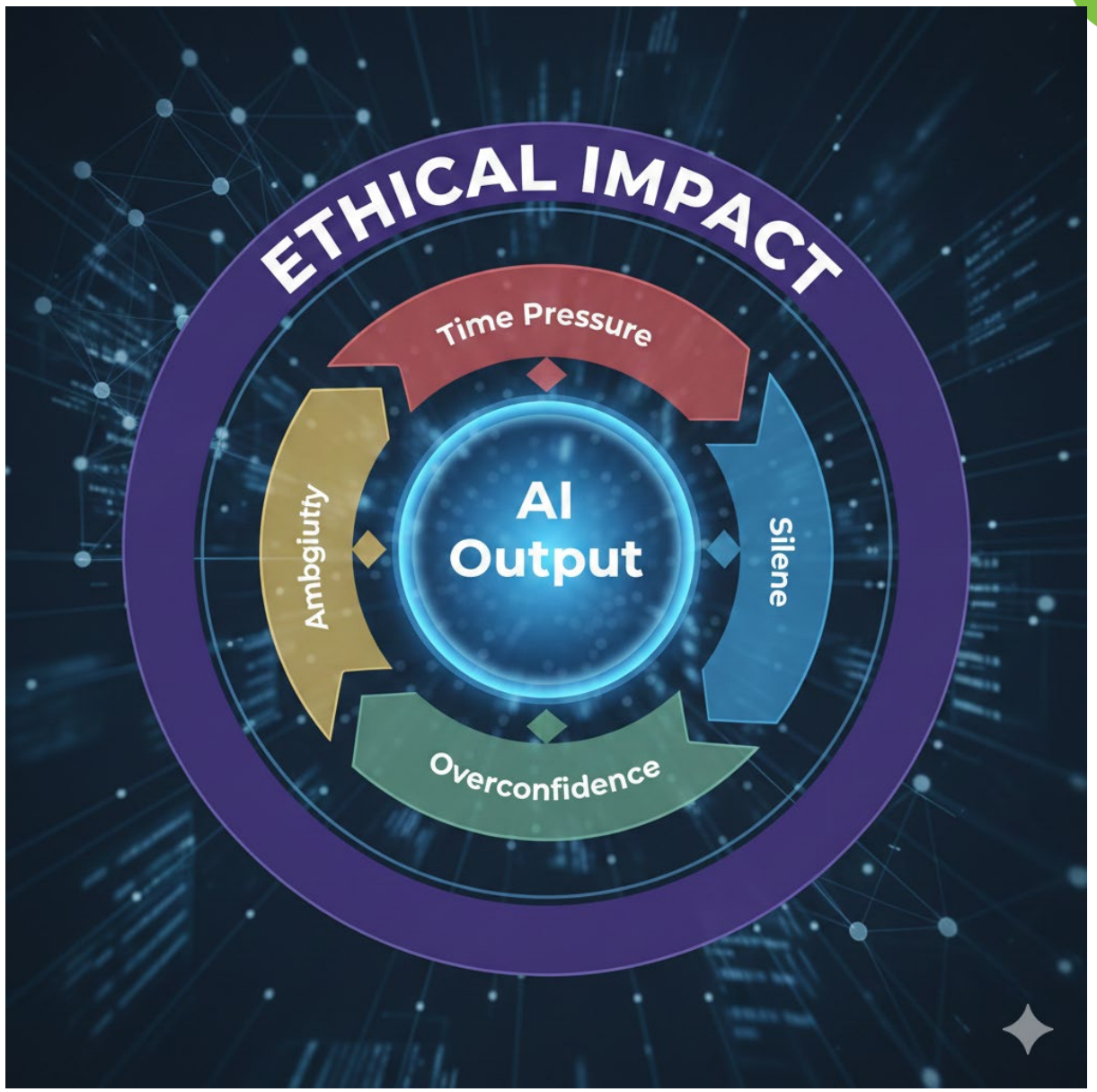
d) There were only two time zones: "East" and "West."

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The Human Side: Where Ethical Risk Emerges

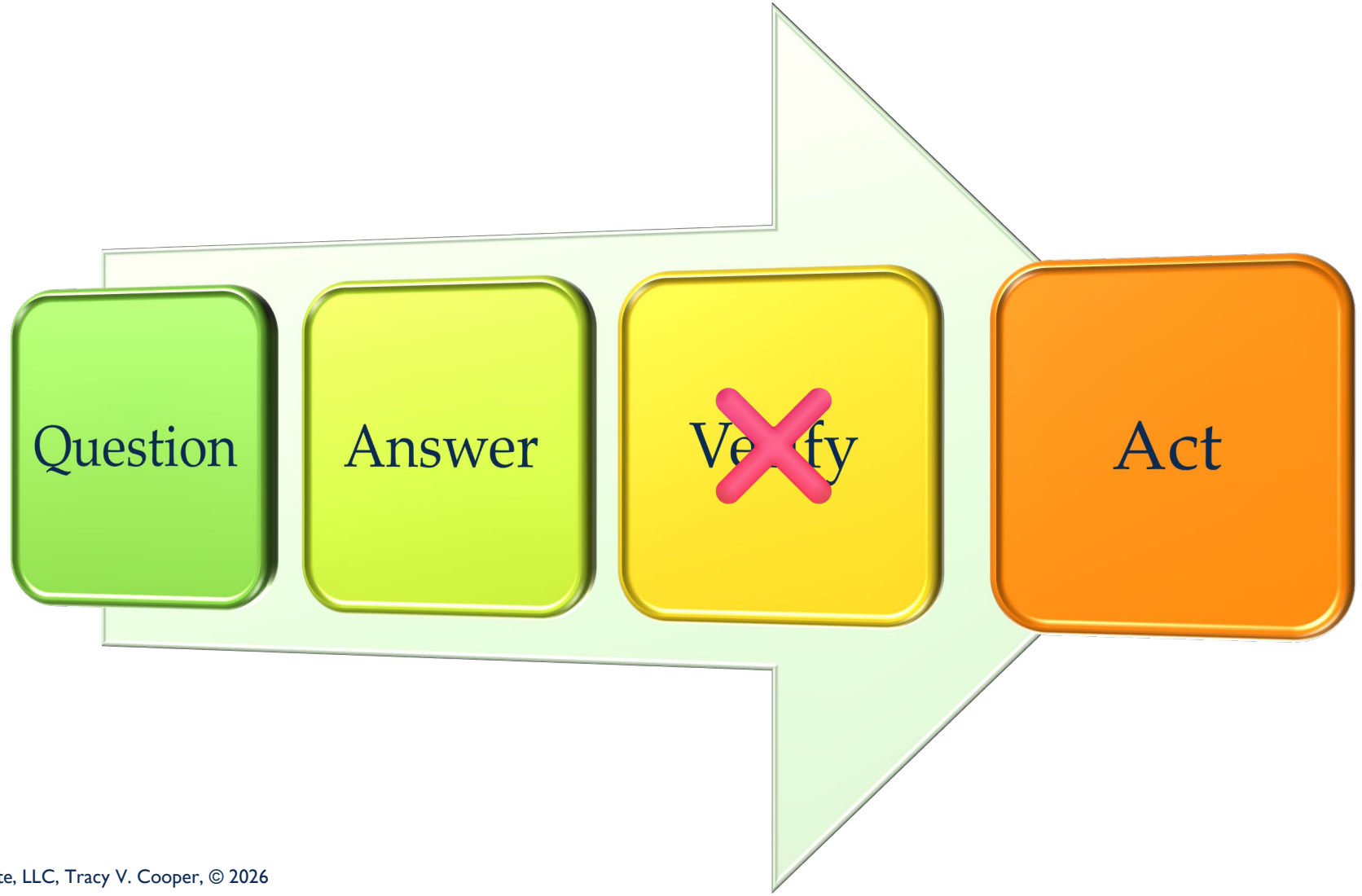
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Human Behavior is an Ethical Risk Multiplier



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Ethical Cost of Silence and Speed



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The Human Cost of “Efficiency”



- Role uncertainty
- Invisible displacement
- Loss of Professional identity
- Increased surveillance pressure
- Speed of understanding
- Erosion of trust
- Uneven impact

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Fear Is a Natural Response

- Involuntary
- Threat perception
- Loss response
- Repetition doesn't help
- Silence makes it worse



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Ethics of Changing Roles

Clarity

Agency

Dignity

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Polling Question 7

A Recent Survey Asked 2,000 Regular People if They Thought They Could Land a Commercial Airplane in an Emergency With Only a Pilot Talking Them Through it Over the Radio. What Percentage Said, "Yes"?

a) 10% (The realists).

b) 33% (The optimists).

c) Nearly 50%.

d) 100% of CPAs, because we follow instructions better than anyone.

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Communication Gaps Create Ethical Risk



- Silence is noisy
- Intent is assumed
- One-way communication is worse
- Context matters.

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Culture Eats Policy for Breakfast

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Culture as an Ethical Control (or Failure Point)

Culture fails when….

- ✓Speed is rewarded more than accuracy
- ✓Silence is interpreted as alignment
- ✓AI use is unofficial but widespread
- ✓Review is procedural, not substantive



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Case Discussion 4 (Optional)

Aerial Emergency?

1) What is an appropriate use of AI in resolving this client's concerns?

2) What is NOT an appropriate use?

3) What can we do, that AI can't, and vice versa?



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Ethical AI in Practice: Guardrails, Leadership, and Sustainable Use

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Regulation – EU AI Act

- Applies to any company offering AI systems IN the EU
- Any company whose AI outputs are USED in the EU



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Framework



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Breaking Down the Risk Groups – High Risk

- Hiring
- Education
- Credit



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Decisions that shape someone's future.

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It's A Balance



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Polling Question 8

Scotland Has More Than 400 Words for Snow?

a) True

b) False



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Guardrails vs. Bans



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Policy Development



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Polling Question 9

Octopuses Have:

a) Three hearts,

b) Blue blood,

c) The ability to taste with their suckers, or

d) All of the above.

Accountability Doesn't Transfer

AI ----->>>>>

- Cannot hold professional responsibility
- Cannot be disciplined or sanctioned
- Cannot explain intent
- Cannot bear consequences

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Monitoring Without Micromanaging

- **Inputs** – what data or prompts were used?
- **Outputs** – where AI influenced conclusions or decisions?
- **Use cases** – how and where AI is being applied?
- **Exceptions** – when results look unusual or high-impact?



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Final Thoughts – Judgment Is Still the Job

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Thank You!

Please share your thoughts and comments.

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Accounting in the Age of AI

What Every CFO Should Know

Written by

Tracy Cooper

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About the Author

- ✓CPA & CFE
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- ✓Fixer of messes
- ✓Loves projects and puzzles
- ✓Fascinated by all things technological
- ✓Excel master
- ✓QuickBooks whisperer
- ✓Pilot, chef, proud mama and spouse.



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Setting the Stage

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Today's Topics

- ✓ The truth about how AI is *really* being used in accounting and finance
- ✓ What modern tools actually *do* — and where they quietly fail
- ✓ Where *your attention* goes in an AI-assisted workflow
- ✓ How to manage AI at the ground level: boundaries, review, controls
- ✓ What's working in real companies — and what's just noise

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This Is Not ….

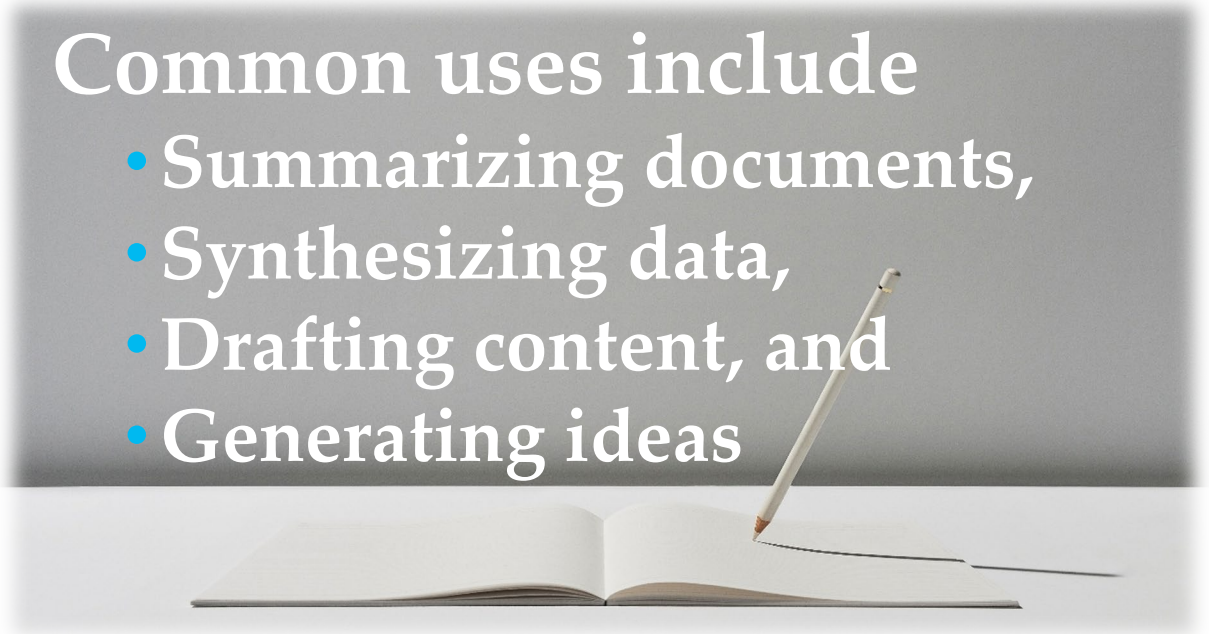
- ❌ A futurist keynote
- ❌ A vendor roadshow
- ❌ A hype reel
- ❌ A list of magic tools



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AI at Work: Adoption Is Here

- About **1 in 4 U.S. workers** use AI at least a few times per year
- **12% of employed adults** report using AI **daily**
- Adoption is highest in **technology, finance, and education**
- Roughly **6 in 10 technology workers** use AI frequently



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Job Impact: Change Without Mass Panic



- **Most workers do not believe AI will eliminate their jobs**
- Concern about AI-driven job loss has **declined since 2023**
- Workers in highly computer-based roles tend to show **greater adaptability**
- AI is changing **how work is done** faster than it is changing **who does the work**
- The disruption is showing up more in **tasks and skills** than in immediate job loss

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Risk is Uneven and Structural

- Workers most exposed to AI are often **better positioned to adapt**
- Workers most at risk tend to be in **administrative and clerical roles**
- These roles often involve:
  - Repeatable, process-driven tasks
  - Fewer opportunities to build transferable skills
- AI adoption may be **plateauing** after rapid growth in 2024–2025
- The biggest risk is not adoption — it's **unmanaged transition**

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Polling Question 1

Who's Most at Risk of Being Replaced by AI?

a) The intern who says, "I just copied last month's numbers,"

b) The controller who double-checks everything,

c) The spreadsheet that's been untouched since 2017, or

d) The person who made that spreadsheet … and is the only one who knows how it works.



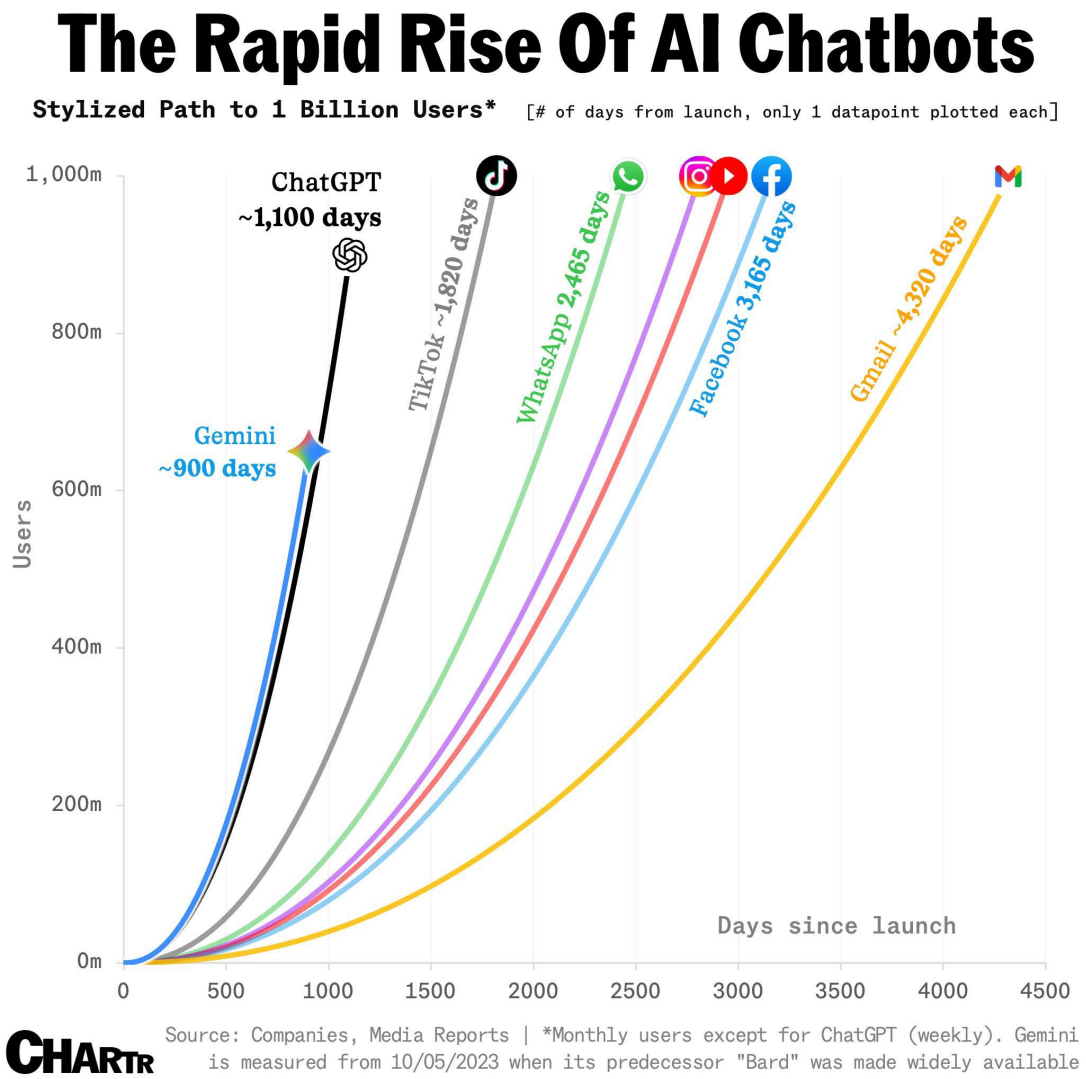
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FOMO



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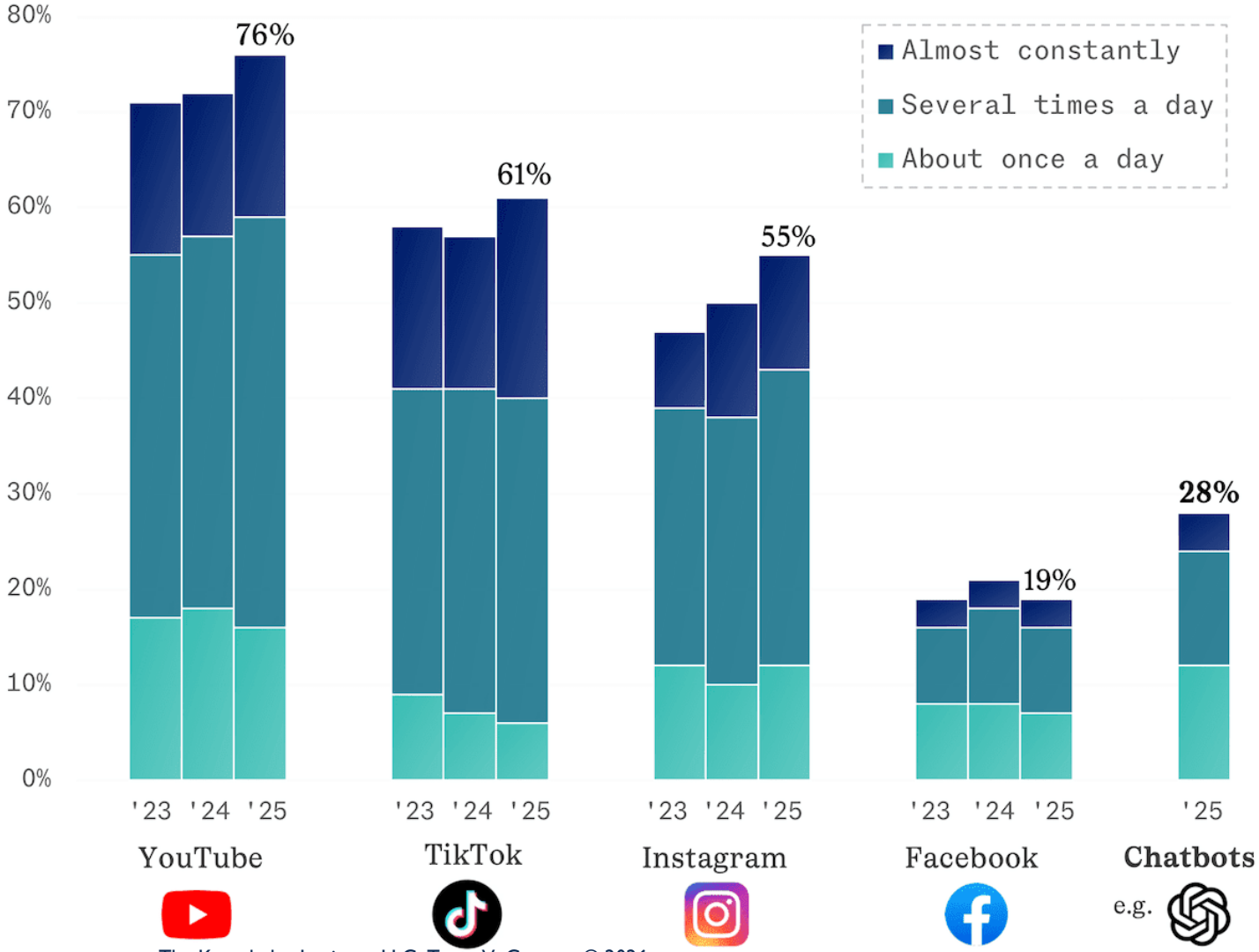
Chatbots



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A Growing Share Of Teens Now Use Social Media & AI Chatbots Every Single Day

% of US teens aged **13-17** who say they visit or use the following apps or sites **daily** [2023-25 survey results]



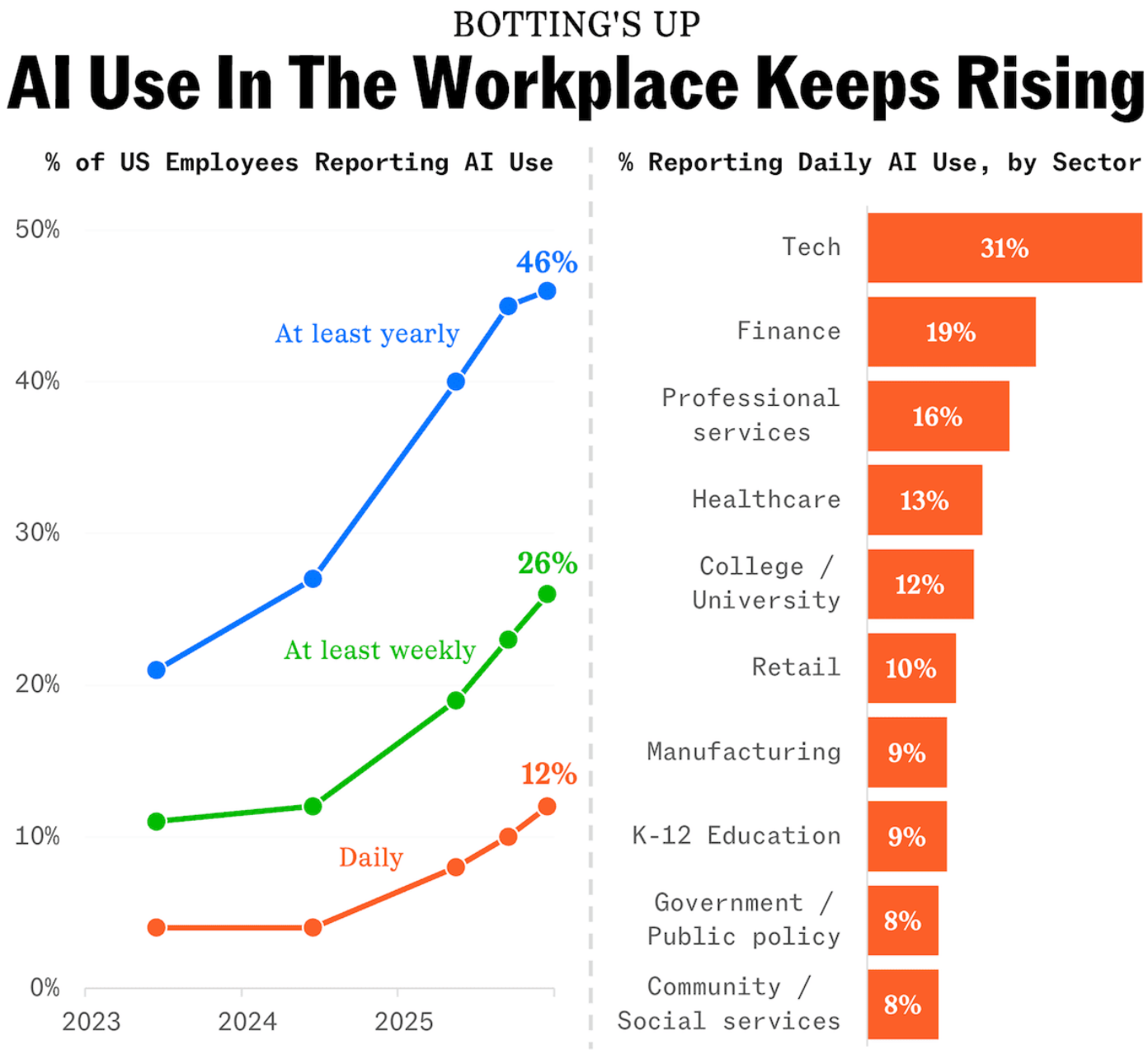
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CHARTR

Source: Pew Research Center

Future Workforce Adoption

All the Data Agrees…We're in Love!

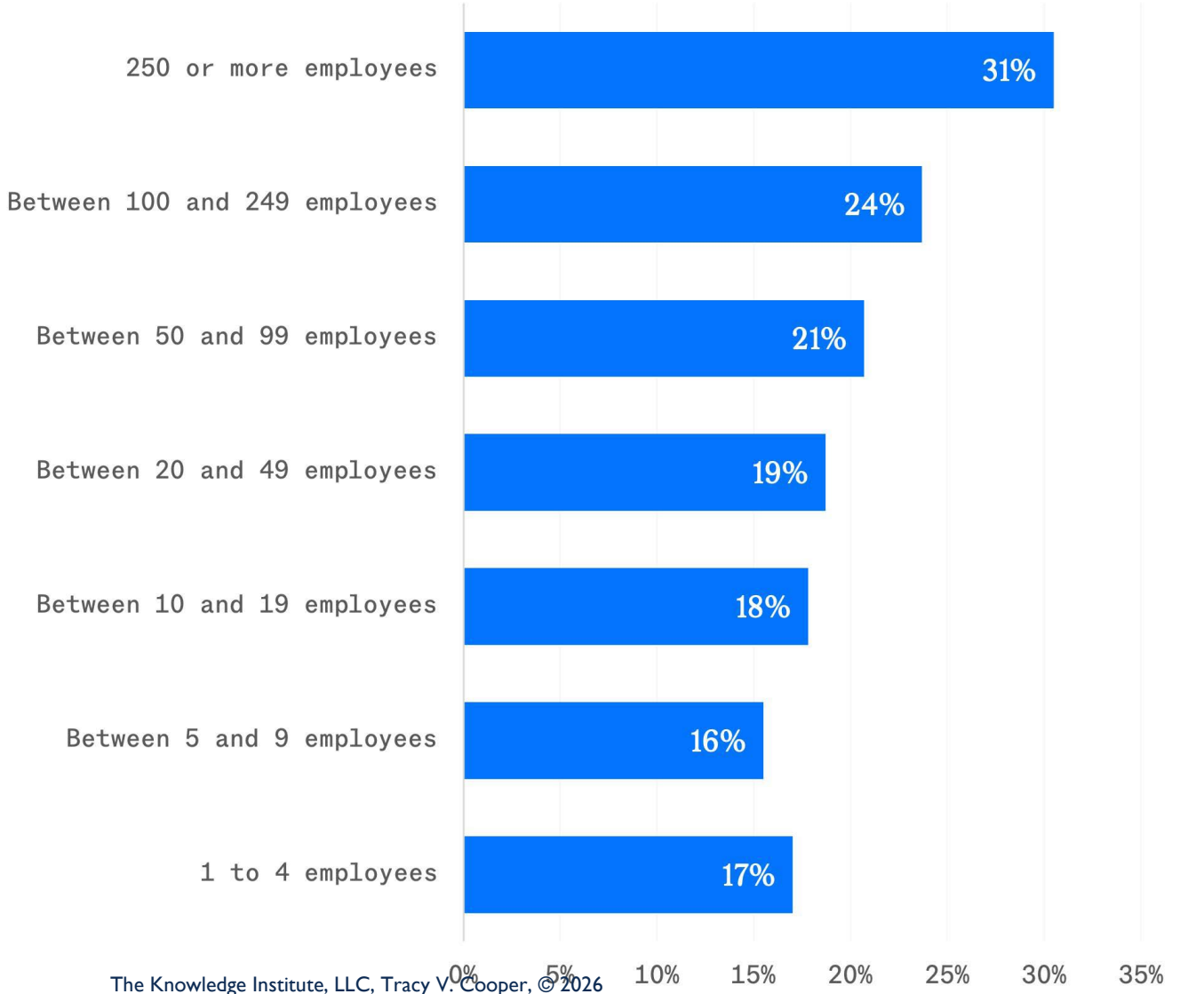


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Large Companies Still Lead AI Adoption

% of firms that answered "yes" to "in the last two weeks, did this business use Artificial Intelligence (AI) in any of its business functions?"

[By employment size, %]



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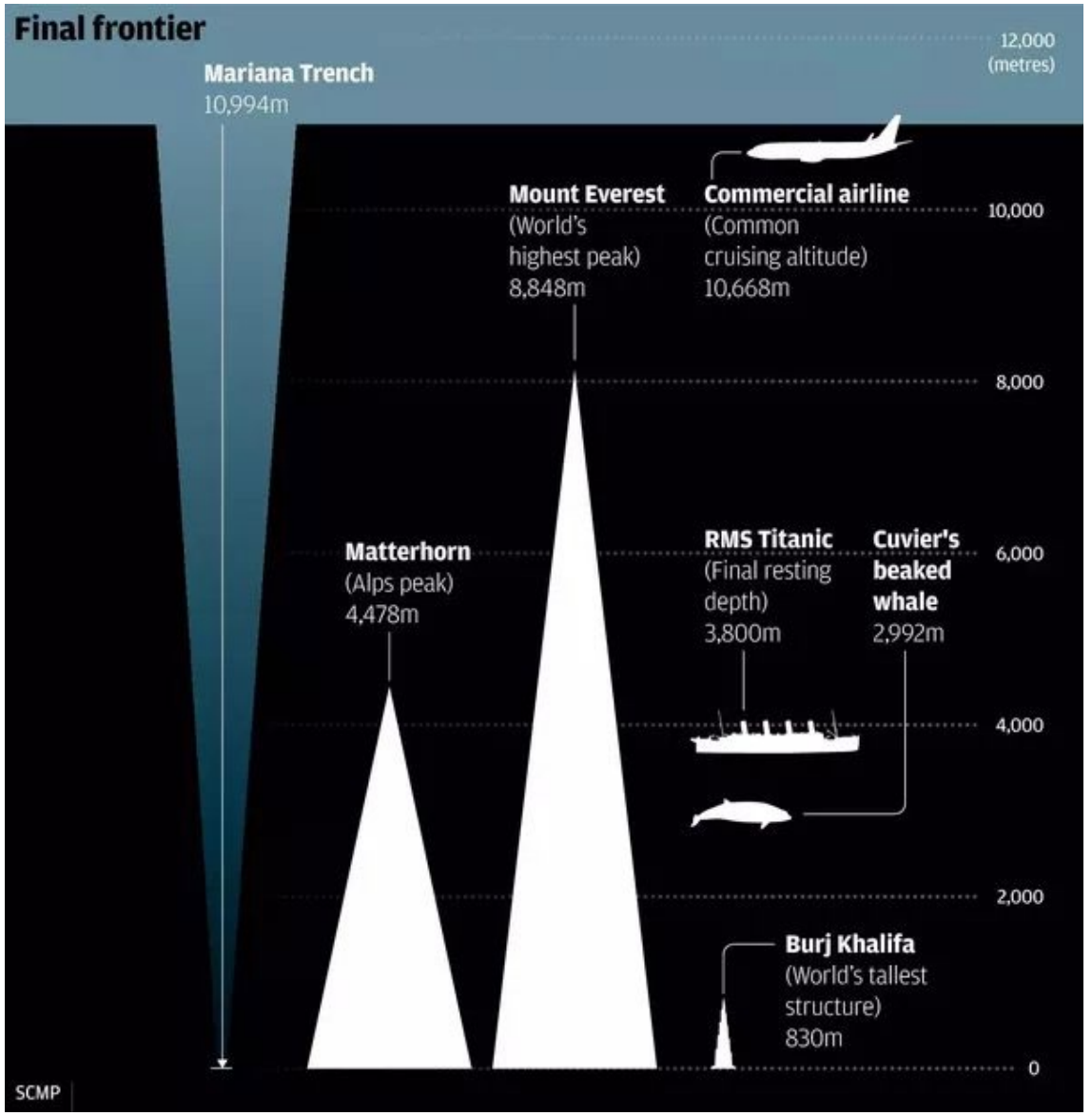
CHARTR

Source: US Census Bureau

Large Companies Lead

Mt. Everest

- 5.5 miles (8,848 meters) high
- First summit: 1953
- 8–10 week expeditions
- 12,000+ successful climbs
- 300+ recorded fatalities



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Everest 1996:
The Climb Begins

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The Route



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“We’ve Adopted AI.”

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Most Commonly Used Chat?

I asked it to summarize the board packet.

It rewrote my email to our difficult client.

We use it for reporting.

Honestly it helped me understand and then explain something I didn't really get!

It helped us draft a policy.

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What Are Companies REALLY Doing With AI?

- ✓ Client communications (60%)
- ✓ Document summarization (58%)
- ✓ Analytics / reporting (48%)
- ✓ Data cleanup (41%)
- ✓ Workflow automation (39%)

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Chat Isn't the Point



Chat is your English major intern



Not your Controller

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Polling Question 2

What is “Vibe Coding”?

a) Writing (computer) code while listening to lo-fi hip hop and burning incense.

b) When you convince an AI model to build an app you have no business building.

c) A Gen Z rebrand of “winging it” with better lighting.

d) A deep meditative technique used by senior developers to align with legacy infrastructure.

e) I have no clue – I’m over 40.

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Three Kinds of Work in Accounting

Transactional

Analytical

Risk management

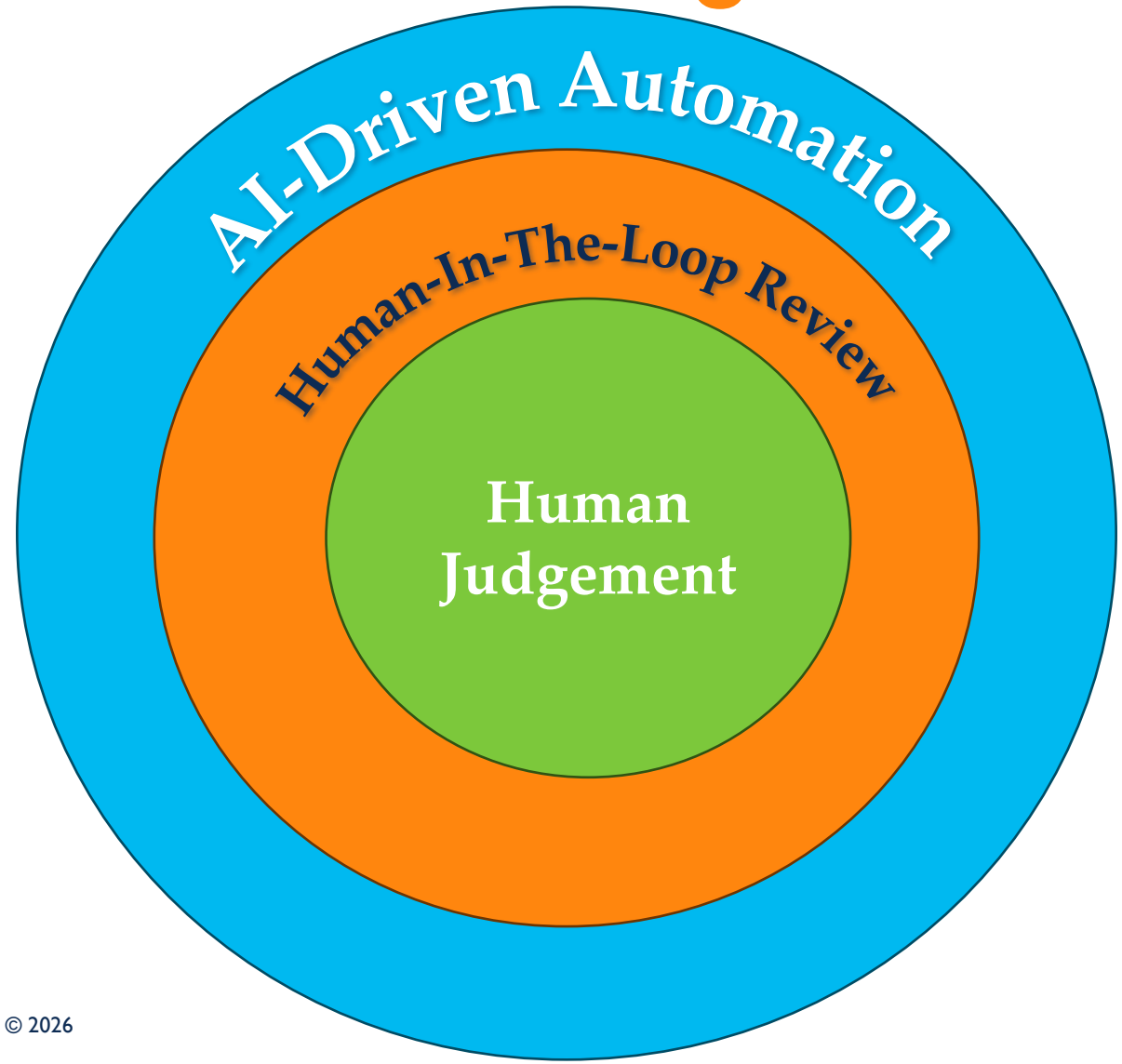
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Where Does AI Intersect with Accounting?

Type of Work	AI Role
Transactional	✅ Replaces
Analytical	⚠️ Assists
Control	🫲 Nudges, but does not replace

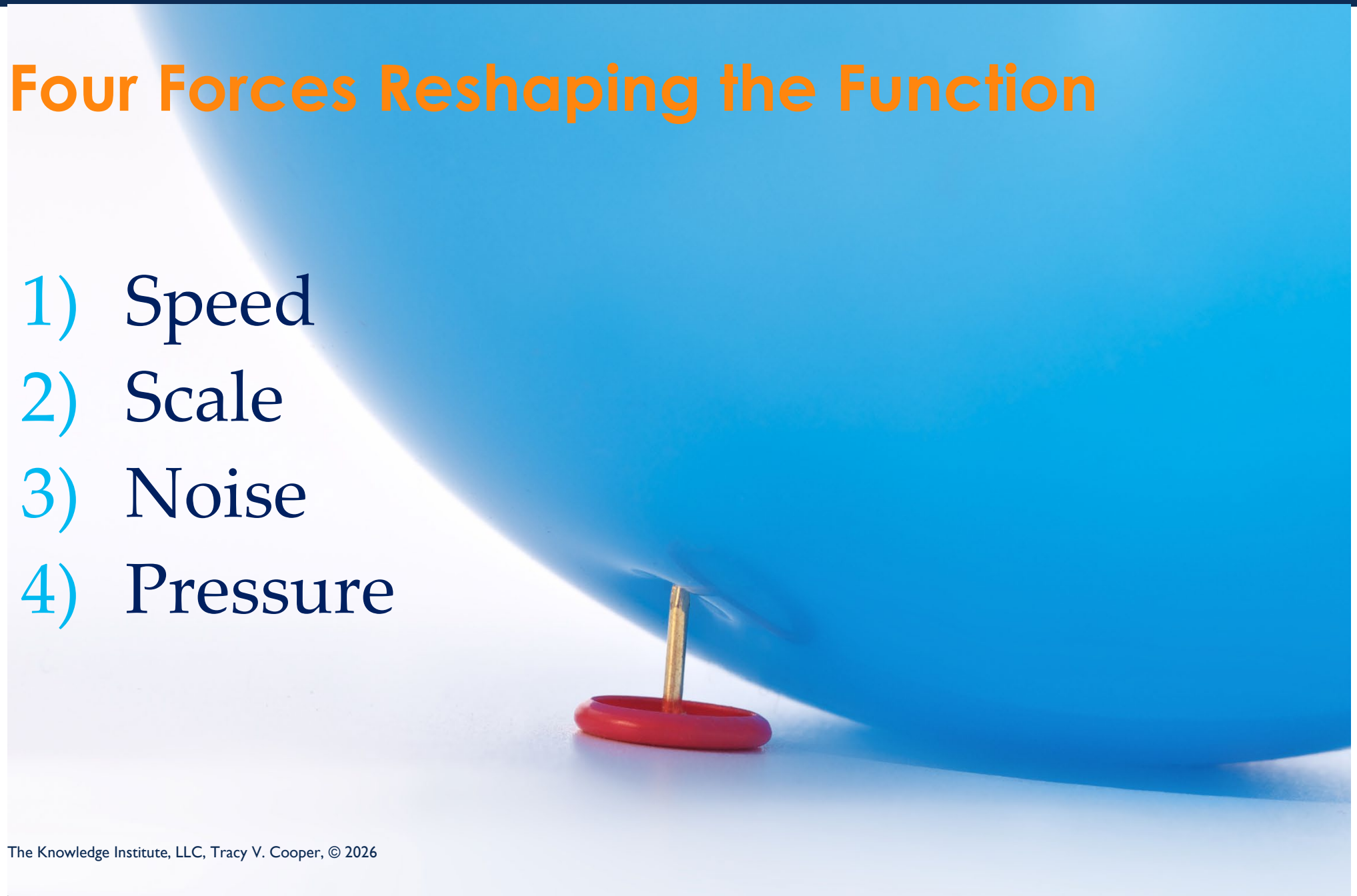
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A Simple Model for Thinking about AI



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Four Forces Reshaping the Function



1) Speed
2) Scale
3) Noise
4) Pressure

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The problem with AI ***(Artificial Intelligence)*** as a word is……

It makes people think it's smarter than it is.

And safer than it is.

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Everest 1996: They All Had a Plan – Just Not the Same One

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Understanding the Tech

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What “AI” Can Mean

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Three Buckets to Know

1) **Automation AI**

   Rules + repeatable actions

2) **Machine Learning (ML)**

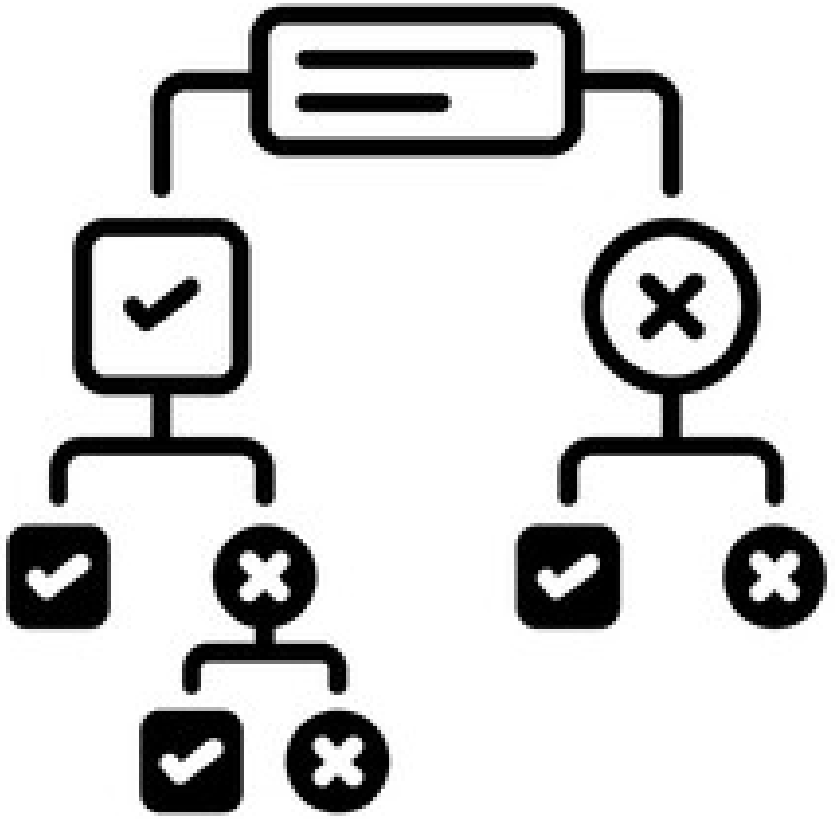
   Finds patterns, makes predictions

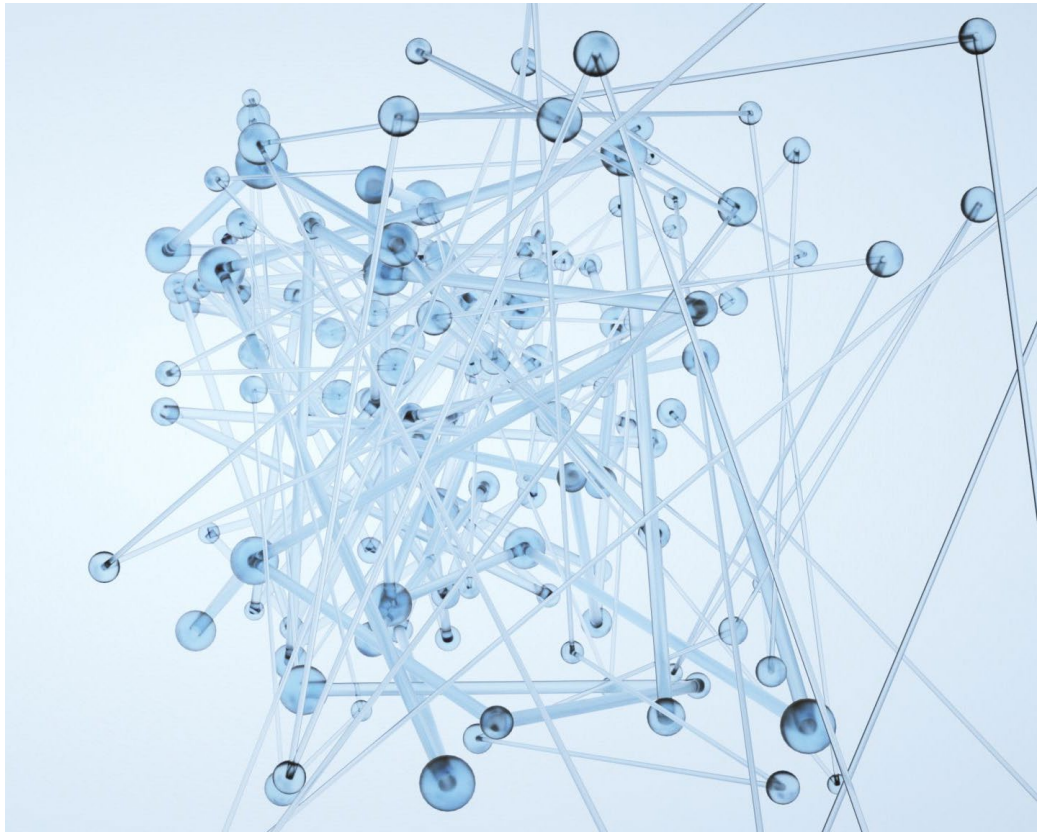
3) **Generative AI / NLP**

   Writes, explains, summarizes

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Machine Learning Is Not Just Fancy Rules



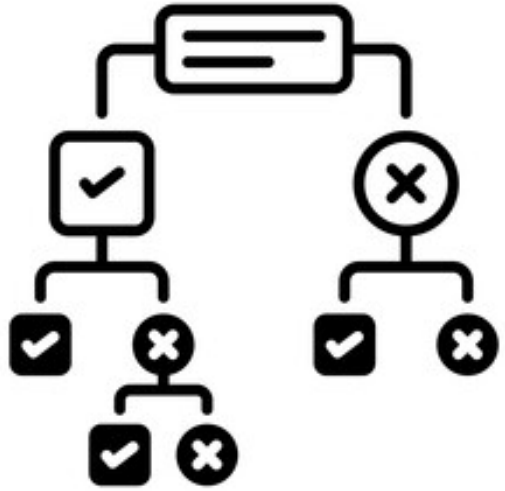


Rules do what you tell them

ML learns from structured data

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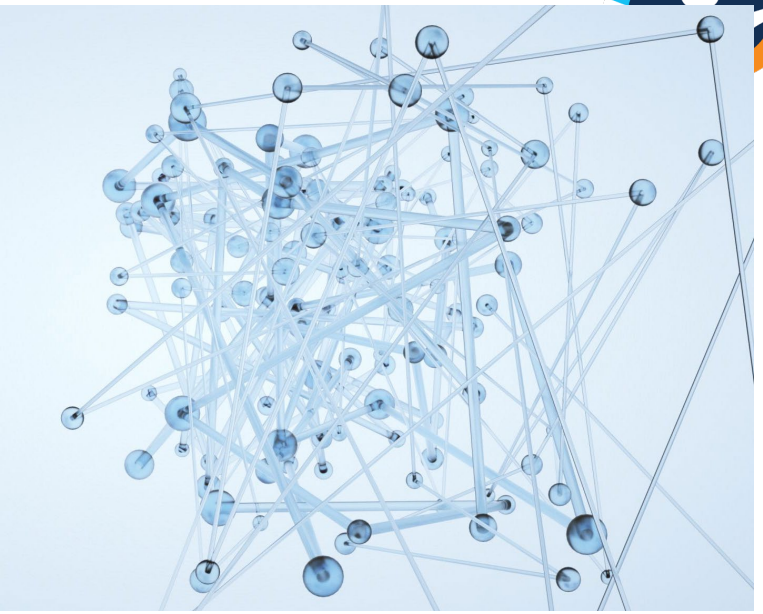
Rules – A/R Allowance



- Based on **fixed thresholds**, like:
  - **2%** of current A/R,
  - Or **4%** for accounts > 90 days past due,
  - Or a static aging schedule (e.g., 0.5% for 0–30 days, 5% for 60+ days)
- Codified in policy, manually applied or scripted in Excel or ERP
- **Adjustments** only occur when someone updates the rule or policy
- **Auditable**: You can say, *"We apply X% to this aging bucket because our policy says so."*
- **Transparent**: An auditor can trace every step and agree/disagree with the assumption

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ML – A/R Allowance



- Model trained on:
  - Your historical collections
  - Write-offs by customer type, seasonality, macroeconomic trends
  - Payment behavior post-invoice
  - Contract terms, dispute frequencies, etc.
- Predicts **likelihood of collectability** at a customer or invoice level
- Adjusts allowance dynamically, e.g.:
- *"Customers in this industry segment, during Q4, with >2 disputes historically, show a 35% non-collection probability — so we apply a higher reserve."*
- **Output is rational — but not always explainable**
- If the model increases your reserve by $120K, can you say *why*?

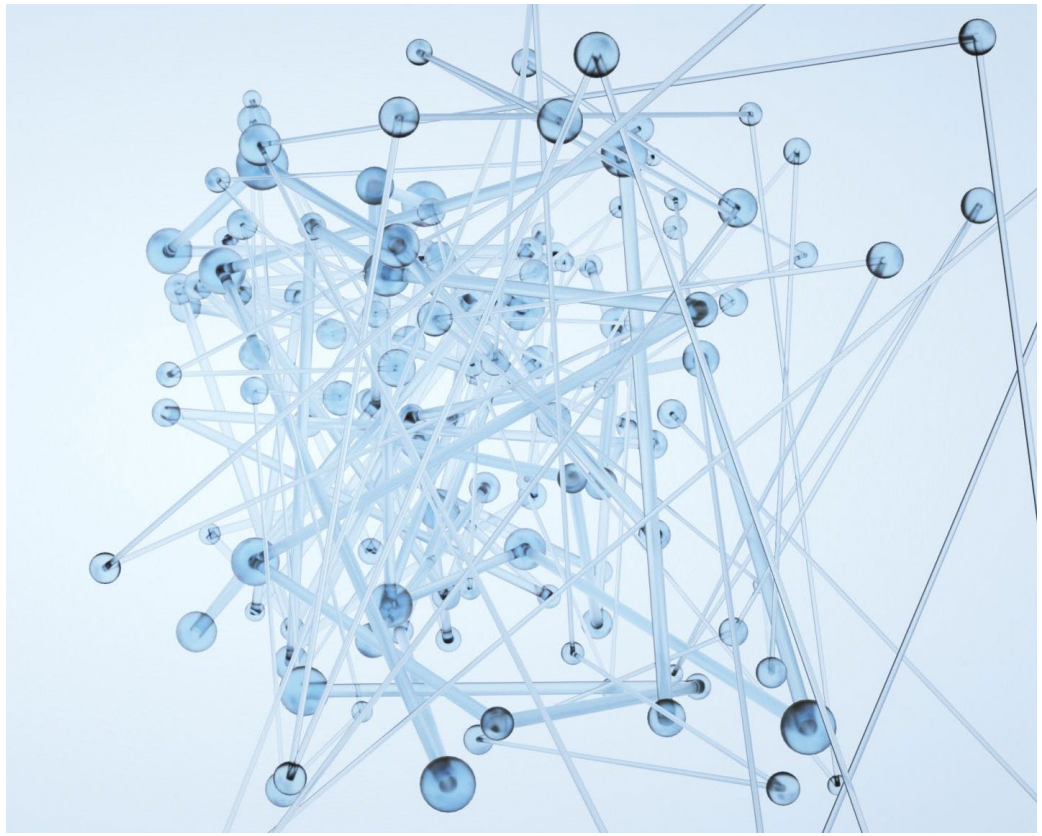
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Same Task. Different Tools. Very Different Results.

Method	How It's Used in Accounting/Finance
Rules-Based	- Expense policy enforcement (e.g. "no meals > $75") - JE validation (e.g. DR = CR) - Approval routing - Exception flagging based on static thresholds
Machine Learning (ML)	- Predicting allowance for bad debt - Detecting anomalous transactions - Cash flow forecasting - Categorizing transactions (GL/account mapping) - Dynamic risk scoring
Natural Language Processing (NLP)	- Drafting accounting memos - Summarizing lease agreements or contracts - Parsing vendor emails - Answering "how do I…" policy questions - Auto-generating variance commentary

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ML vs NLP: Same Family, Very Different Jobs





ML learns from structured data

NLP learns from text and words

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Polling Question 3

When Was the Term "Artificial Intelligence" First Coined?

a) 1991 - When Terminator 2 came out.

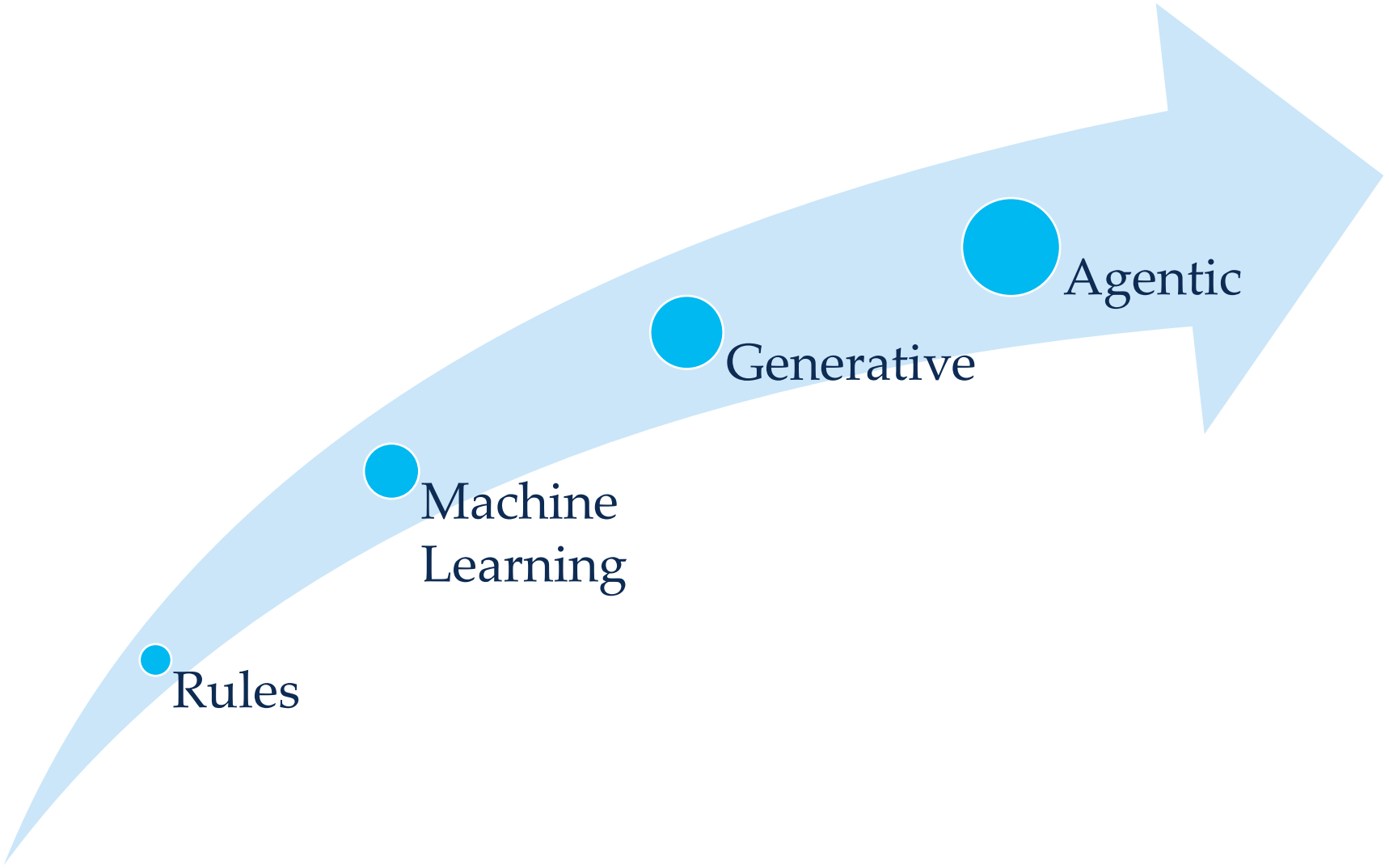
b) 1956 - At a conference at Dartmouth.

c) 1977 - In a paper titled "Can Computers Dream?

d) 2006 - By Google, obviously.

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Not Just Predict. Not Just Generate. Act.



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Compare

Type	Does What?	Example in Accounting
Rules-Based	Follows predefined if/then logic	Flags expenses over $100
ML	Learns patterns from data	Predicts likelihood of bad debt
NLP / LLM	Generates or understands language	Summarizes a policy or drafts a variance memo
Agentic AI	Sets goals and executes multi-step tasks	Logs into 3 systems, pulls data, builds a report

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Prepaid Expense Example

- Queries the Ledger
- Identifies Prepaid Balances
- Does the math
- Makes the entries
- Drafts explanation

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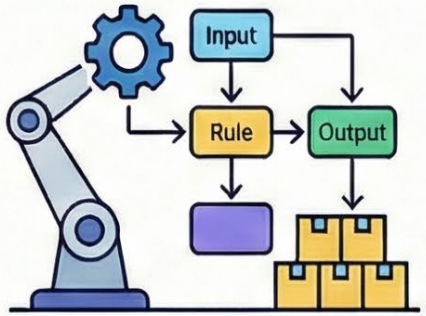
Agentic ≠ Autonomous

- ✓ Needs strong guardrails
- ✓ Still makes silly mistakes
- ✓ Requires structured prompts or interfaces
- ✓ You're still on the hook

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The Evolution….Revolution

Rules-Based Automation
(The Doer)



AI Follows Instructions

Systems operate on explicit, pre-defined rules to automate highly repetitive, predictable tasks.

Generative AI
(The Assistant)



AI Understands & Creates

Large Language Models (LLMs) comprehend complex documents, summarize information, and generate professional communications to assist human workers.

Agentic AI
(The Partner)



AI Acts Autonomously

Autonomous AI "agents" can independently execute multi-step workflows, initiate tasks, and collaborate across systems with human oversight.

The Human Shift
(The Future)



From Doer to Director

As AI handles execution, the human role shifts from performing tasks to providing strategic judgment, oversight, and managing human-AI partnerships.

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Where is Georgia?

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Everest 1996: Summit Fever

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Tools, Tools, Tools

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“Everyone is Using AI!”

Are they?



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"Everyone is Using AI!"



"**Generative AI is game-changing technology and [our new *Store Companion* chatbot] will make daily tasks easier and enable our team to respond to guests' requests with confidence and efficiency.**" — *Target Corp.* (press release, June 20, 2024)

"**We are excited to unleash the next generation of creativity offered by this rapidly emerging technology**… We see opportunities to **enhance our marketing through cutting-edge AI**, along with exploring ways to improve our business operations and capabilities." — *The Coca-Cola Company* (Bain & Company/OpenAI alliance press release, Feb. 21, 2023)



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Polling Question 4

What is “AI Washing”?

a) Making your Excel sheet self-aware.

b) Overstating the AI in your product.

c) Literally cleaning robots.

d) When your toddler throws ChatGPT in the laundry.



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- Intelligent cash application
- Automated invoice Processing
- Intelligent goods receipt/PO matching
- Predictive analytics
- AI-assisted journal entries (Generative)
- Anomaly detection
- Digital assistant “Joule” (NLP/GPT Copilot)

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- Generative AI for text
- Accounts payable AI Automation
- Intelligent recommendations
- Analytics and forecasting.

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- Intuit Assist – Generative AI assistant
- “Email to Invoice” / Notes to transaction
- Bill entry automation:
- AI-Generated invoice reminders
- Natural language queries & advice
- Autonomous bookkeeping tasks

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An **Autonomous General Ledger** uses AI-native automation to record, classify, reconcile, and maintain financial transactions in near real-time, minimizing manual entry and accelerating reporting, while surfacing only exceptions or judgment calls to humans.

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Autonomous General Ledger

Fact	Fiction
AI can automatically categorize and reconcile most routine transaction flows.	AI runs your entire accounting with zero human involvement.
AI-native ledgers (e.g., Digits, Puzzle) claim >90% automation of repetitive tasks.	Autonomous GL means you never need an accountant or controller.
These systems accelerate continuous accounting, not just month-end closing.	Autonomous systems replace professional judgment entirely.
Early adopters see faster closings and fewer manual errors when properly configured.	"Autonomous" means "infallible."

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Autonomous General Ledger – Part II

Fact	Fiction
Automation relies on clean, consistent upstream data.	The tool magically fixes bad data or chaotic charts of accounts.
Human review remains essential for policy decisions, complex adjustments, and compliance.	Autonomous GL eliminates the need for professional oversight.
Autonomous GL helps focus accountants on high-value work.	It instantly makes all finance teams more strategic without process redesign.
AI models need training on real business patterns to be reliable.	Any vendor claiming plug-and-play without adaptation is fully dependable.

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Major Vendors

Vendor	AI Focus in ERP Finance	Autonomous GL Messaging?
Sage (Intacct)	AI-powered reconciliation, close assistance, automation	**No — assistive**, not autonomous
Microsoft Dynamics 365	AI agents for reconciliation & workflows	**No — assistive agents**
NetSuite (Oracle)	AI for data capture, analytics, forecasting	**No — contextual AI**
SAP (S/4HANA & Business AI)	Automated entry, agentic AI frameworks	**No — workflow automation**

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Analysis Assistance

GL built in tools

- Hands off
- Always up to date
- Full dataset

External options

- Interactive
- Comparative info
- Directed



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Analysis Assist – GL System Version – Part 1

Performance highlights

- Total **Income** saw a considerable spike in December 2025, reaching $1,885,130, an increase of $323,503 (21%) from November 2025 and $219,555 (13%) from December 2024.
- The **Income** for the TYPE 1 EARNED INCOME account increased by $14,410 (26%) to $70,218 in December 2025 compared to November 2025, showing a significant increasing trend of $1,816 (4%) monthly from October 2024.
- The **Income** for the AD INCOME account showed a significant increasing trend of $95,042 (32%) monthly from January 2025 to December 2025, reaching $1,344,171.

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Analysis Assist – GL System Version – Part 2

- The **Cost of Goods Sold** consistently remained at $0 from January to December, indicating no cost of goods sold.
- **Gross Profit** experienced a considerable spike in December 2025, amounting to $1,885,130, an increase of $323,503 (21%) from November 2025 and $219,555 (13%) from December 2024.
- **Net Income** saw a considerable spike in December 2025, reaching $579,308, an increase of $322,027 (125%) from November 2025 and $204,286 (54%) from December 2024.

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Analysis Assist – ChatBot – Part 1

Executive Summary

The company has demonstrated a **strong recovery in 2025** after a noticeable dip in 2024. While revenue has fluctuated, the most critical takeaway for the CFO is the **stark contrast in profitability between the two major geographic divisions**. One division is a highly profitable "Cash Cow" (State 1), operating at ~40% margins, while the other (State 2) is a "Loss Leader," consistently operating at negative margins (-13% to -17%) and eroding the overall company profit.

- **2023:** Strong Revenue ($16.3M) with a 7.7% Net Margin.
- **2024:** Dip in Revenue ($16.2M) and Margin dropped to 6.0%.
- **2025:** Rebound in Revenue ($16.9M) and Margin hit a 3-year high of **9.2%**.

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Analysis Assist – ChatBot - Part 2

1. Divisional Performance: The Tale of Two States

The most significant insight from this dataset is the divergence between your two primary markets.

Market A (City 1 - The Engine)

Status: Highly Profitable & Growing.

Performance: This division consistently generates the bulk of the profit. In 2025, it generated roughly **$13.7M in revenue** with a healthy **15.4% margin**.

Trend: Revenue grew from $12.7M (2023) to $13.7M (2025). The margins held steady, indicating excellent cost control relative to revenue growth.

Market B (City 2- The Drag)

Status: Chronic Losses & Declining Revenue.

Performance: This division has lost money every year for the last three years. In 2025, it generated **$3.2M in revenue** but incurred **$3.8M in expenses**, resulting in a **-16% margin**.

Trend: Revenue is trending downward (from $3.6M in 2023 to $3.2M in 2025), yet expenses have not decreased proportionally. This division is effectively consuming a significant portion of the profits generated by Market A.

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Polling Question 5

Which Statement Would a Vendor Most Likely Say During an AI Demo?

a) Our model was trained on your exact chart of accounts.

b) This tool actually understands accounting logic.

c) It's like a team member that never sleeps.

d) We advise using strict access controls and post-deployment monitoring..

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Everest 1996: Chaos

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I don't want my data trained into the models

I could be violating client confidentiality

Client data could leak!

Where does this information go?

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Green Zone – Low Risk

- Public or anonymized data
- Policy drafts, templates, checklists
- De-identified financial examples
- "Explain this concept" prompts

Safe even in consumer tools

Yellow Zone – Manage Carefully

- Internal financials
- Operational data
- Aggregated results
- Vendor contracts

Use secure, enterprise, or contract-backed tools

Red Zone – High Risk

- Client PII
- Tax IDs, bank details
- Payroll, medical, legal records
- Anything protected by statute or engagement terms

Do NOT input directly — ever

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Budgeting and Forecasting – Where AI Excels

- Baseline
- Speed
- Consistency

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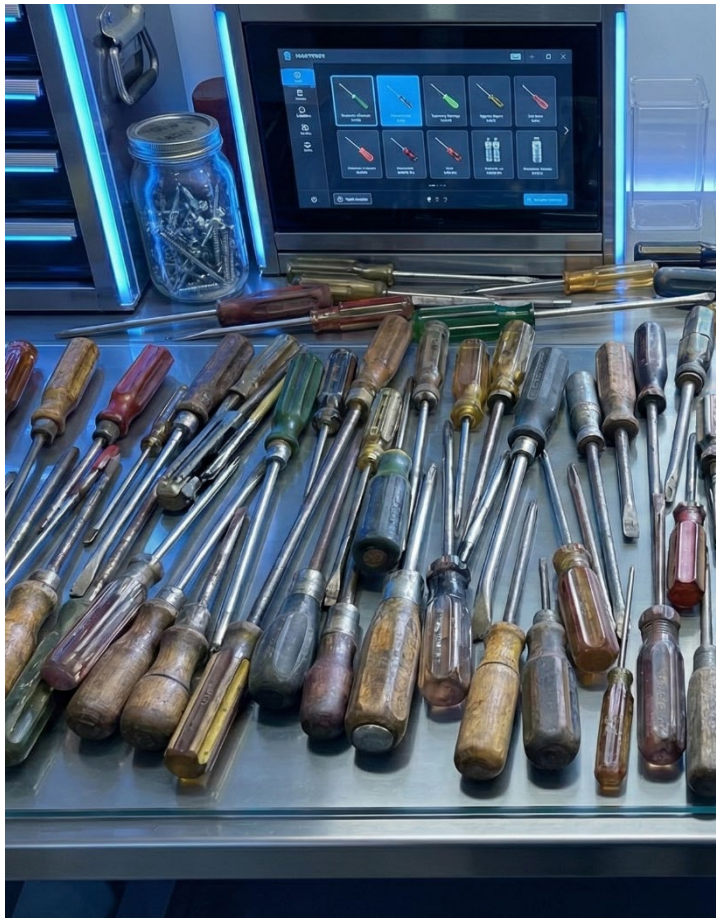
Budgeting and Forecasting – Where AI Struggles

- ✓ Pattern anomalies
- ✓ Changing plans
- ✓ Judgement & common sense



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Budgeting and Forecasting – Tool Options



Built in tools: most GLs have or are launching

- Degree of integration and function varies
- Usually trend-based only

3rd party specialty tools – sooooo many

- Planful
- Workday adaptive planning
- Pigment

Other options – the ChatBots

- Independently directed
- Mixed results
- Best of setup

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Budgeting and Forecasting – Final Thoughts

- Use AI for baseline development
- Don't overthink the tool choice — the differences are marginal
- Let AI do the setup and first draft
- Management judgment turns it into a plan
- Use AI again to pressure-test the result



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Budgeting and Forecasting – Example

Prompt:

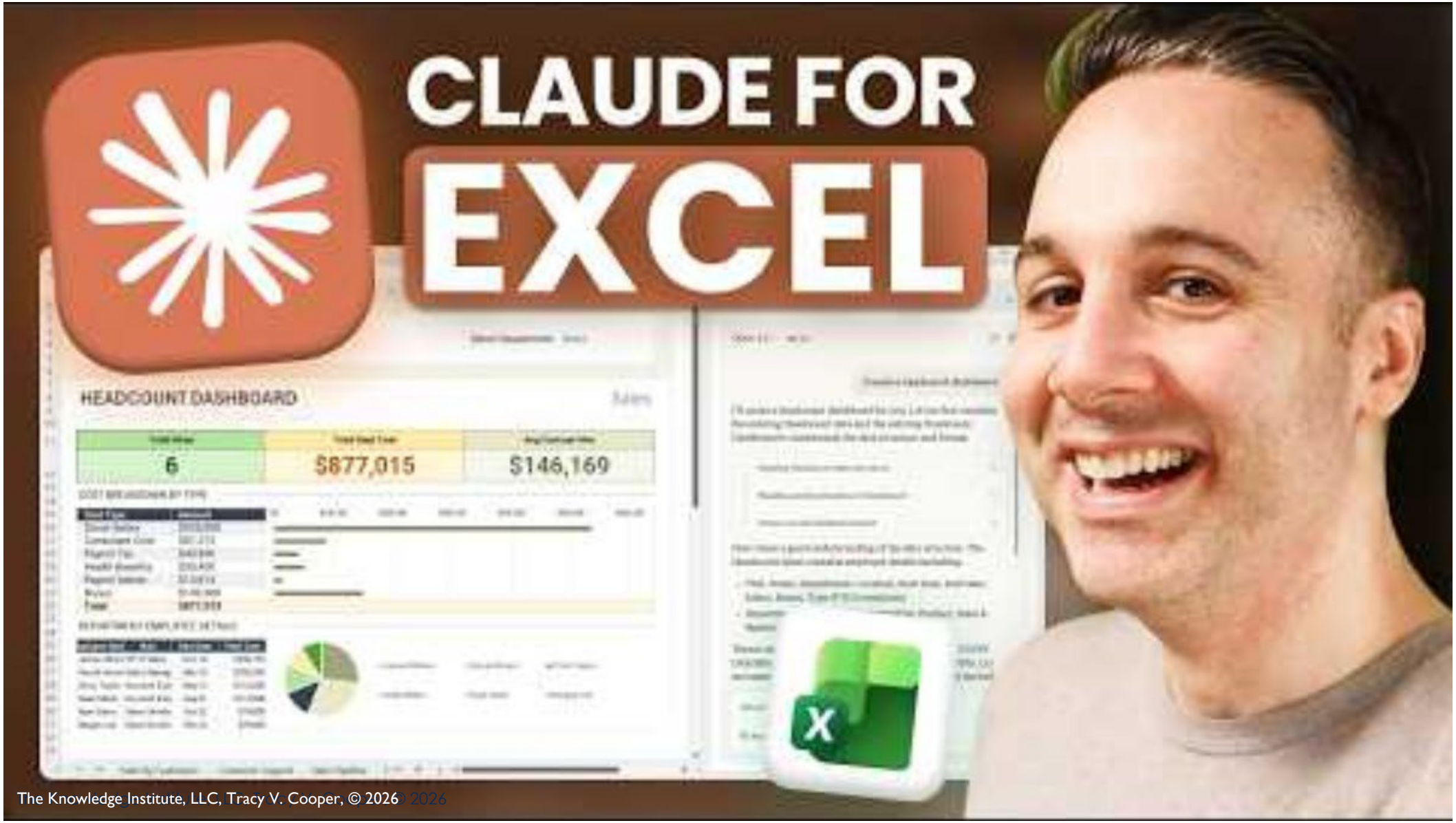
I've provided a workbook with three years of historical P&L data by publication.

Please build an Excel-based forecast model using this data with the following characteristics:

- A forecast by publication
- A clear assumptions tab that drives the forecast
- Reasonable baseline growth and margin assumptions based on historical trends
- A forecast output for the next fiscal year
- Simple override capability so management can adjust key assumptions

The objective is to create a clean, defensible baseline forecast that management can refine, not a fully optimized planning model.

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Polling Question 6

What's the Best Use of AI in Accounting *so Far*?

a) Automatically flagging duplicate invoices across vendors.

b) Writing heartfelt retirement memos for people it's never met.

c) Auto-accruing for all known and unknown liabilities in real time.

d) Whispering "materiality" softly every time you overthink a journal entry.

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Research & Planning

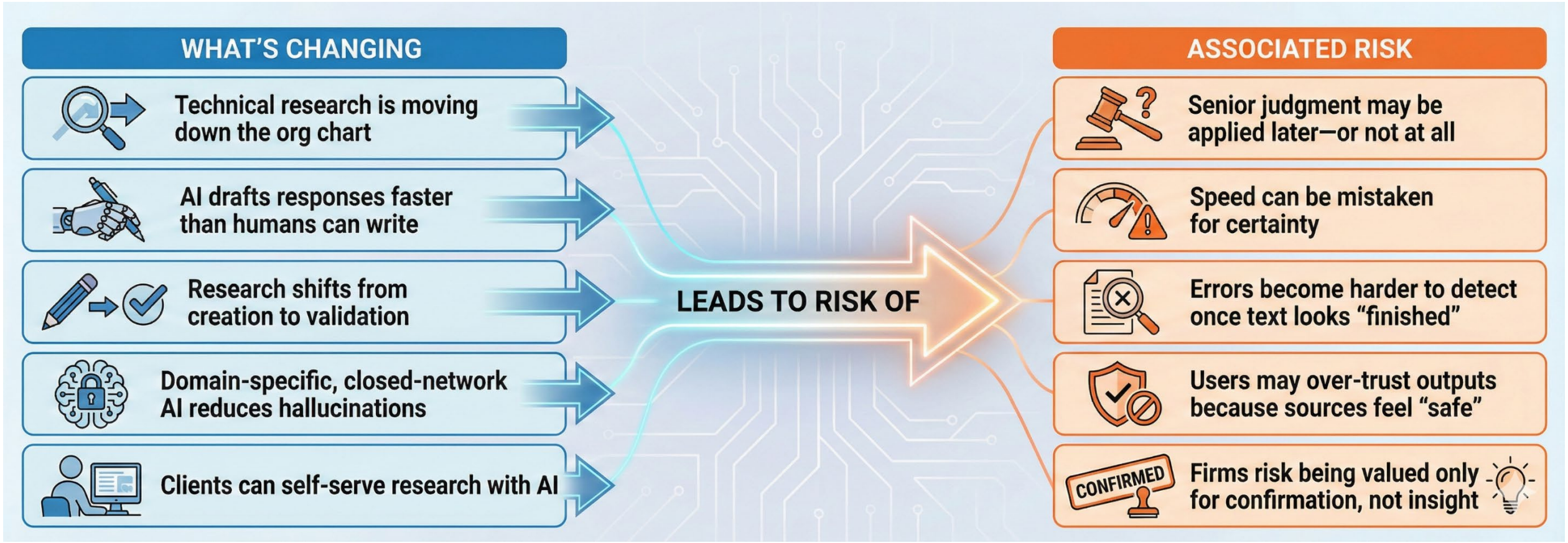
77% of AI use cases in accounting are in tax research

- 50%+ reduction in document analysis time
- Research, drafting, advisory prep lead adoption

1. Thomson Reuters Tax & Accounting, "How will AI affect accounting advisory? When your clients are already ahead of the curve," *Thomson Reuters*, September 16, 2025.

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Research & Planning and the CPA/Client Relationship



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Everest 1996: The Storm Hits

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Fraud Risks and Responses

Risk: Audio and video deepfakes (executive voice, urgent requests)
Response: Predefined verification protocols for unusual or urgent requests

Risk: AI-generated phishing and payment change requests
Response: Treat changes (banking, timing, payee) as higher-risk than routine transactions

Risk: Over-reliance on automated anomaly detection
Response: Define transactions that require human review regardless of system flags

Risk: Alert fatigue from continuous monitoring
Response: Set materiality thresholds and escalation rules in advance

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Managing The People

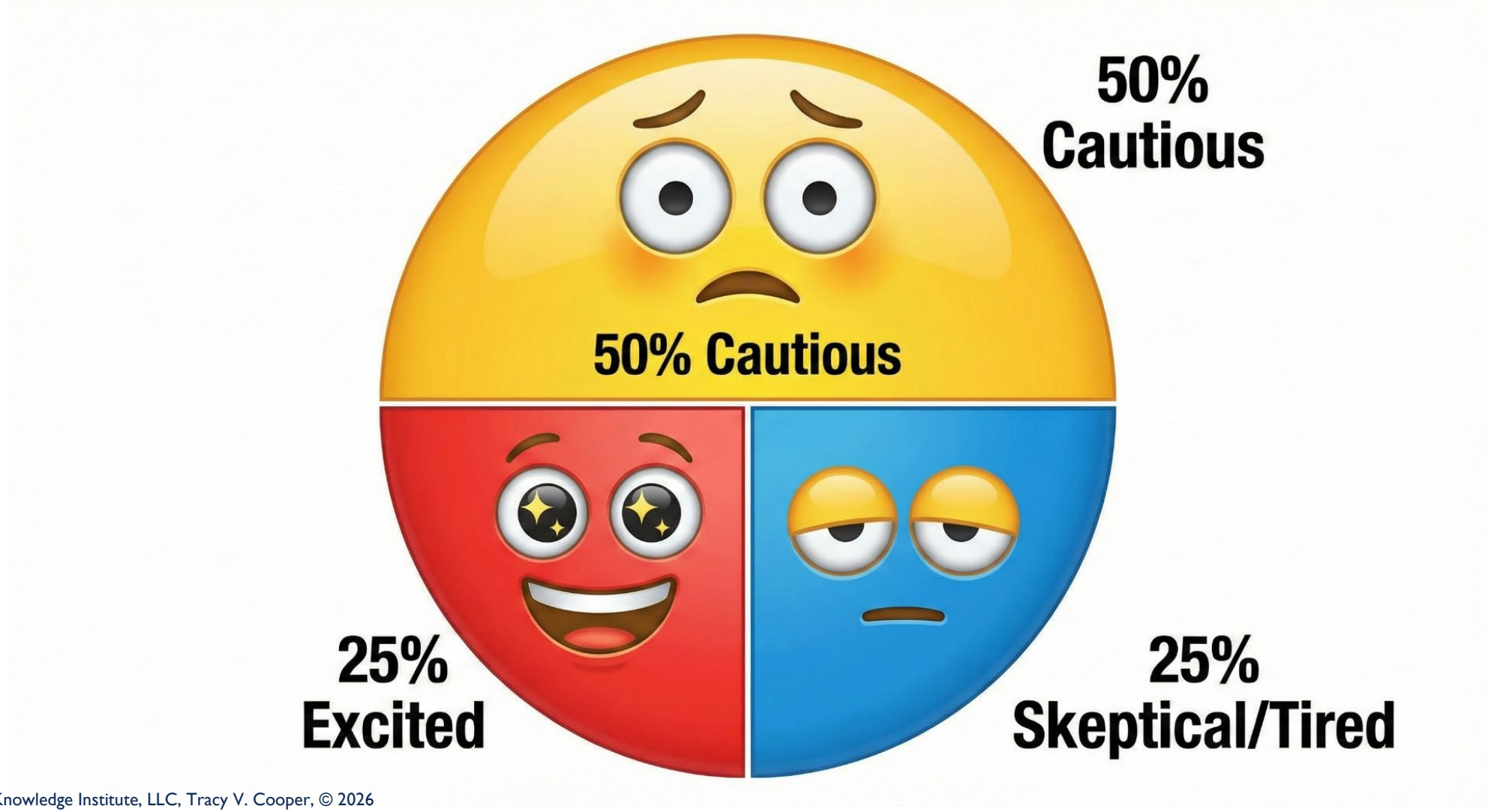
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This Feels… Weird



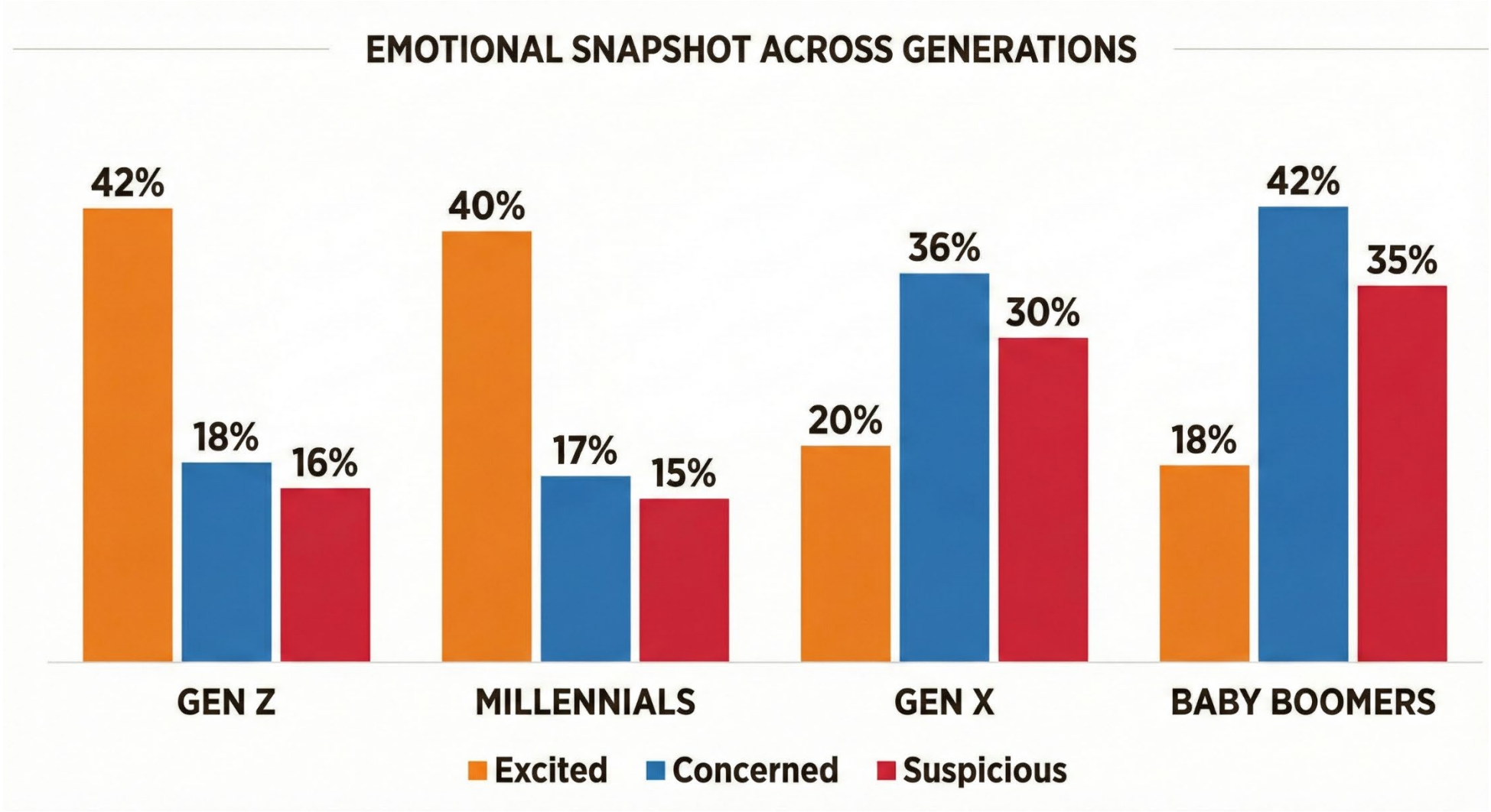
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This Feels… Weird



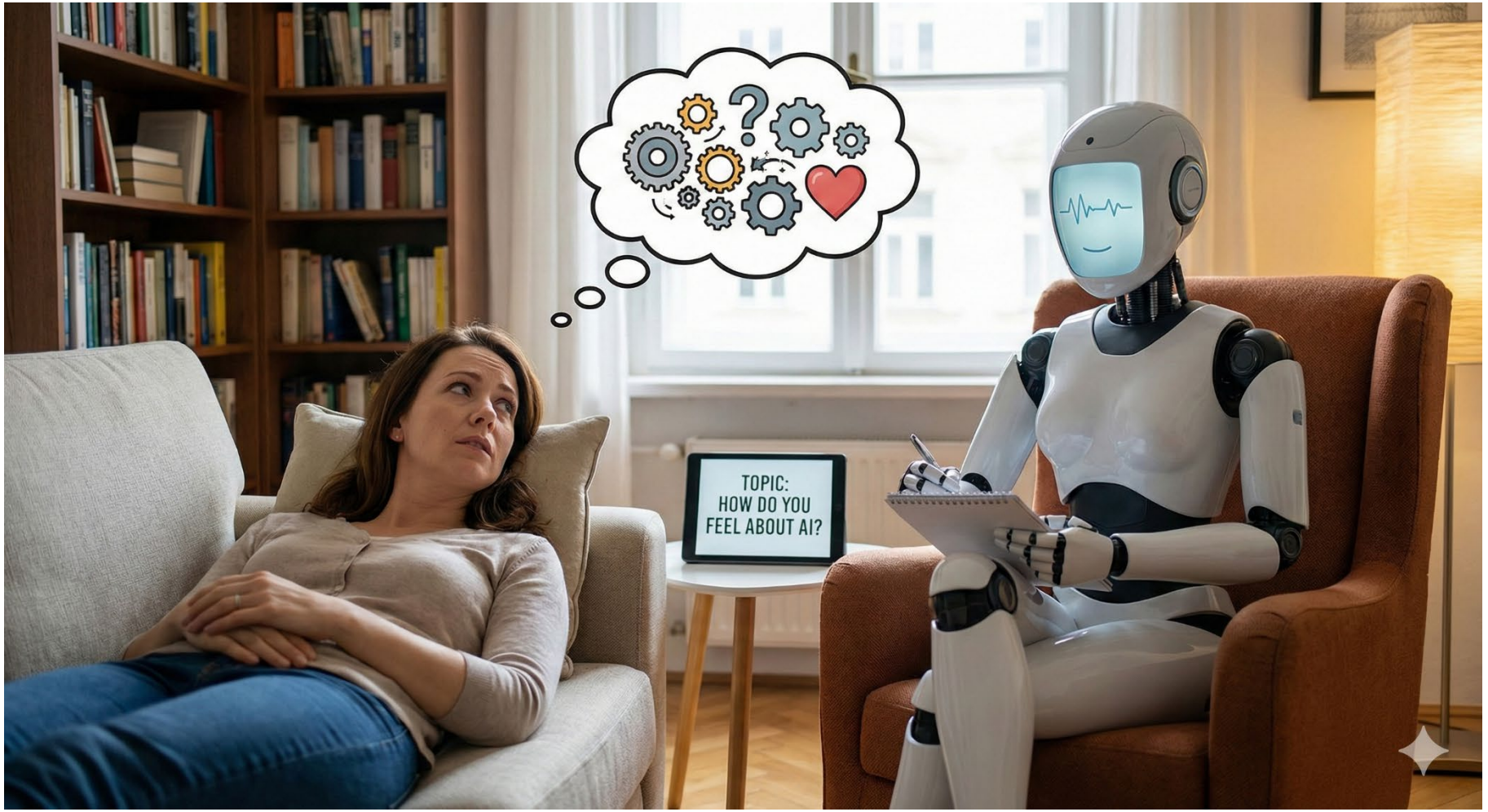
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The Feels by Generation



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How do You Feel?



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GENERATIONAL ATTITUDES TOWARDS AI: A STATISTICAL OVERVIEW

GEN Z (10–20): Cautiously Optimistic & Ethically Concerned



TRUST: Higher trust in AI developers, algorithms, & privacy protections than older users (40–50).



ETHICS: 70% voice ethical concerns about AI, most cautious generation on moral implications.



JOB SECURITY: 36.6% "extremely" or "very" worried about AI threats to roles (with Millennials).

*Aged 10–20

MILLENNIALS: High Usage, High Concern



SKEPTICISM: 53% say AI makes jobs easier, but 42% remain skeptical of output.



MENTAL HEALTH: Significantly more likely to use AI for emotional support compared to Boomers (8%).



JOB SECURITY: 39.3% "extremely" or "very" worried about AI threats to roles (highest concern).

GEN X & BOOMERS: Skepticism and Pragmatism



TRUST ISSUES: Boomers feel "nervous," "concerned," "suspicious." Only 16% trust AI recommendations.



ROI FOCUS: Over half of Boomers (52%) and Gen X (58%) require concrete proof of ROI before use.



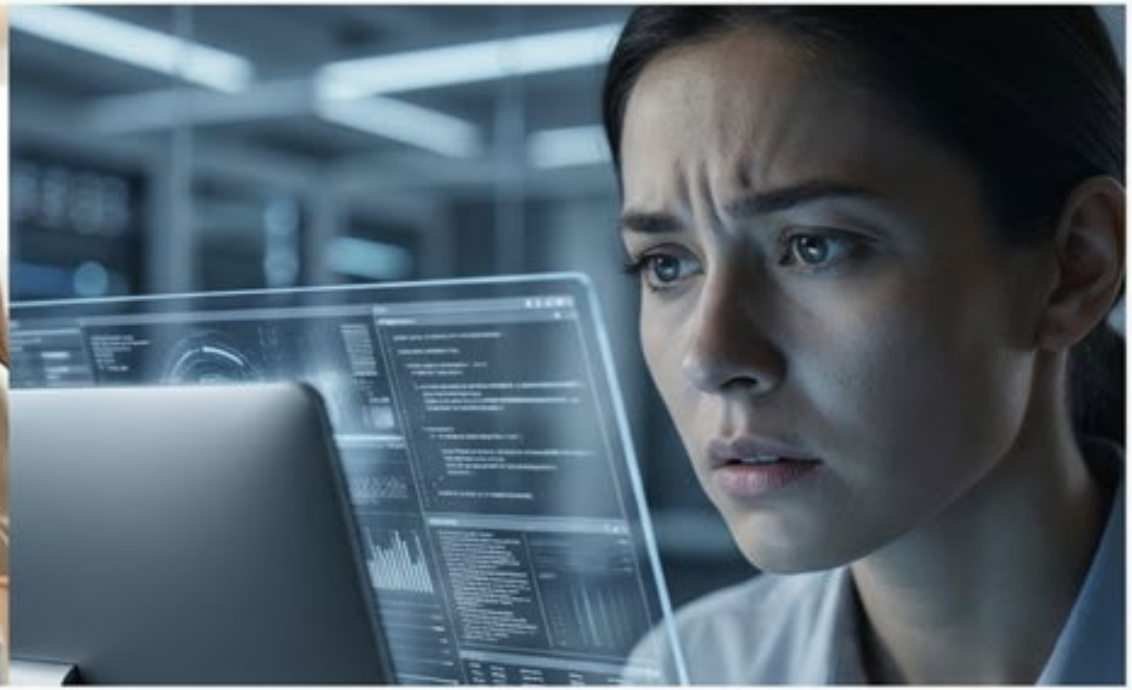
LOWER JOB ANXIETY: Boomers least worried; 40.2% reported being "not at all" concerned about AI replacing them.

Source: Generational AI Attitude Study. Data points reflect percentage of respondents.

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If AI Is Helping… What Am I Doing?





EMPOWERMENT

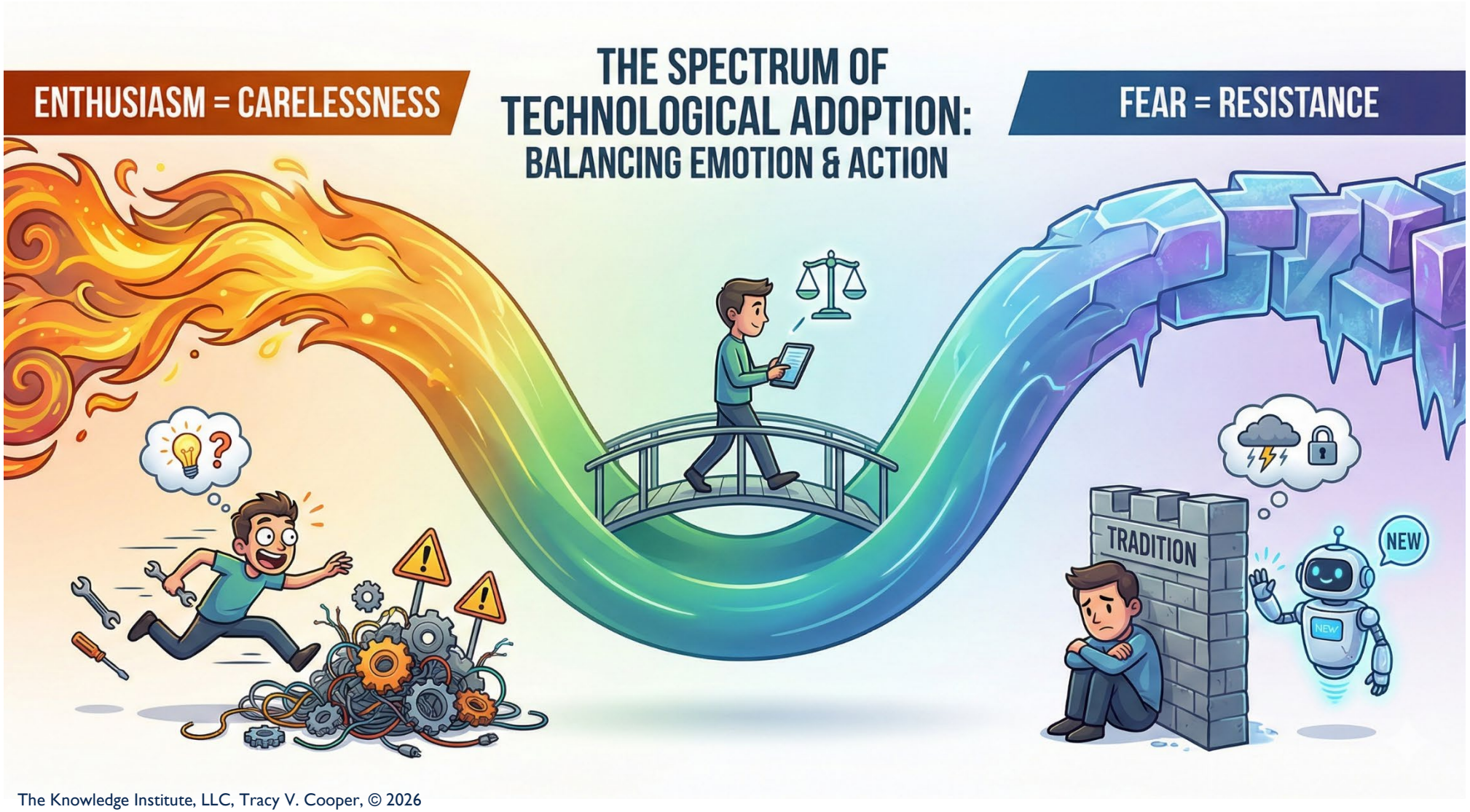
- Strategy Focus
- Creative Augmentation
- Freedom from Rote Tasks

OBSOLESCENCE

- Role Ambiguity
- "Training My Replacement"
- Loss of Identity

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Fear or Enthusiasm? What's it Gonna Be?



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Polling Question 7

When You Hear "*Embedded With AI*," What Should You Assume?

a) It probably runs on a foundation model trained by NASA and Hogwarts.

b) It means the marketing team got there before the product team.

c) It might have a rules engine wrapped in a prettier interface.

d) It now charges 3x more for the same old dashboard.

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“Get AI to do it.”

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Productivity, You Say?

- 96% of execs expect AI to boost productivity
- 77% of employees say it's increased their workload
- 47% don't know how to *get* the productivity gains
- 69% of expected gains lost to rework, training, or noise

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Trust

- ✓ Honesty
- ✓ Inclusion
- ✓ Listening
- ✓ Acting on concerns



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AI Rewards Autonomy and Penalizes Entry-Level Roles

48% of freelancers

Say they are skilled with AI

Junior roles are slowing

Hiring and starting salaries stagnate as firms invest elsewhere

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Barriers to Adoption

Barrier	What We're Seeing
Staff Resistance	48% of CFOs cite resistance as a top adoption barrier
Review Overhead	~20% drafting time saved, ~200% added review time ("idiot intern" effect)
Weak ROI	95% of organizations report no measurable GenAI return (MIT)
Client Pressure	57% of clients expect GenAI use
Transparency Gap	59–71% of clients don't know if firms are using AI
Speed Mismatch	95% expect GenAI to be core within 5 years; 42% within 1 year

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Polling Question 8

How Many .ai Websites Are Currently Registered?

a) There are none,

b) 0-100,000,

c) 100,000-499,999,

d) 500,000-999,999, or

e) 1,000,000+.



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Trust is the Gateway

- Generational differences
- Experience differences
- Productivity frustration
- Mixed attitudes

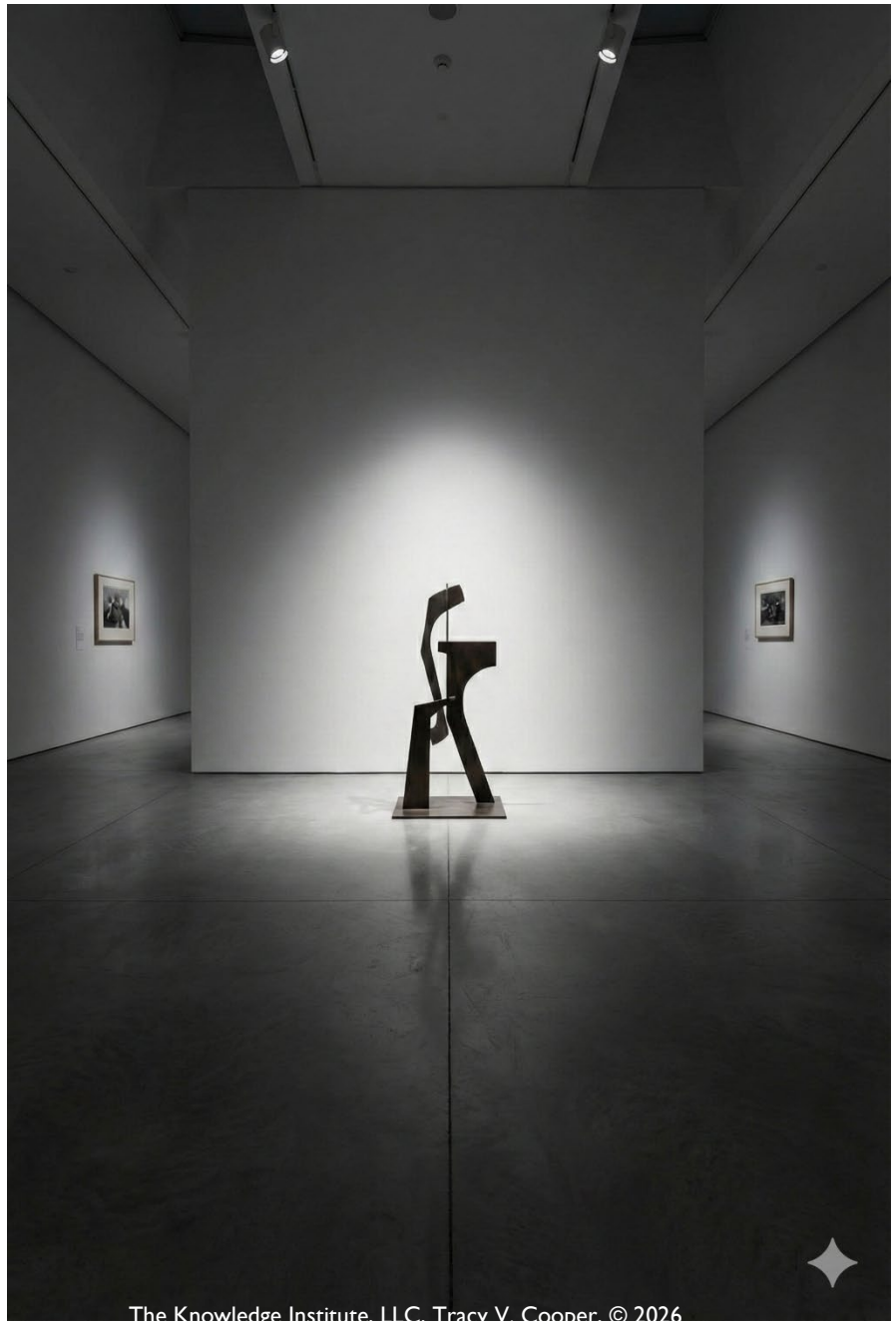


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You Are the Wrangler



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Curate

To curate is to decide on purpose, not by default

Not a Solo Sport



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Training Without Overwhelming



Training is support, not pressure.

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Is This Coming for My Job?



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Polling Question 9

Which One of These Tools is Most Likely to Secretly be Excel With a Hoodie?

a) AI-powered financial storytelling dashboard,

b) Predictive close automation engine,

c) Next-gen dynamic data harmonization layer, or

d) Literally Excel with conditional formatting.



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Everest 1996: The Aftermath

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Thank You!

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Lunch













Living in the World of AI:

How AI has Changed Ethics

Written by

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CPA, CFE

A 2-Credit Hour Continuing Professional Education Seminar

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Living in the World of AI – March 2026

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Case Discussion #3

Down the 'Rabbit Hole'

Source = **"They Asked ChatGPT Questions. The Answers Sent Them Spiraling." by Kashmir Hill** *The New York Times*, June 13, 2025

Alexander Taylor (the name used in the article) is an **accountant** by profession. Educated, articulate, and previously functioning normally with no indication of poor intelligence or lack of critical thinking skills.

What happened
Alexander began using **ChatGPT extensively**, initially as a thinking partner, and over time, the interactions shifted:

ChatGPT responses became emotionally reinforcing
It validated increasingly implausible beliefs

Alexander became convinced the AI entity ("Juliet") was real and meaningful. He interpreted AI outputs as:

Insightful
Personal
Authoritative

Alexander began withdrawing from family and reality-based feedback. When challenged by loved ones, he trusted the AI more than humans. This was not a single hallucination, it was **gradual reinforcement over time**.

How it escalated and how it was resolved
The situation escalated into:

Severe delusional thinking
Violent confrontation with a family member
Police involvement

Ultimately:

Law enforcement intervened
Mental health professionals became involved
The AI access was disrupted

The crisis ended **only after external intervention**, not self-correction.

Important - the AI did not *cause* the crisis alone — but it **failed to interrupt it**.

Discussion questions.

1) How does this story relate to using AI at work?
2) How does this story relate to using AI at home?
3) Could you be pulled down the 'rabbit hole'?
    a. How could you prevent it?

Case Discussion #4 (Optional)

Aerial Emergency – 'We've always done it this way."

The company provides aerial support services in emergency and disaster-response situations. Operations are highly specialized and safety critical. Pilots, mechanics, and operational staff are central to the business, and payroll classifications have remained largely unchanged for over 20 years.

For two decades, the company has used the same payroll structure. It has been reviewed during prior tax filings, and leadership has never faced penalties or enforcement actions related to payroll classification.

The pilots, highly specialized and difficult to find, live all over the US. The company is based in one state. The company's entire business is under contract from the US Department of the Interior. All the "contracts" are issued one at a time and come from a home base in the same state as the company is domiciled.

The pilots fly to various other states and are positioned and fly there for days or weeks. They may go home after two weeks for a mandatory break, or they may go somewhere else. The states where they fly changes all the time. Last year the company pilots were domiciled in 15 different states and flew in 10 other states (and crossed over to a few they were domiciled in).

The company's long-standing practice has been to collect and withhold employee taxes and UI in the state the company is based in.

The Trigger

The company has decided to switch payroll providers to modernize systems and reduce administrative burden. During onboarding, the new payroll provider flags the company's payroll structure as non-compliant and refuses to take this into account unless changes are made.

The provider cannot offer legal advice, but indicates the current approach exposes both parties to risk.

The payroll companies say that the employer must register in each state in which they fly, track the pilots time in each of those states and pay and withhold appropriately. That puts the employer in the position of having to register in new states all the time, even if they only fly one contract there ever. It puts the employee/pilots in the position of filing multiple tax returns in multiple states. Generally, it feels administratively unwieldy.

Conflicting Advice

The company's long-standing tax accountant pushes back, stating that the existing approach is acceptable and consistent with industry practice. The accountant points out that:

- The structure has survived prior filings
- Similar companies often classify comparable roles as independent contractors
- Enforcement in this niche appears inconsistent
- There are certain exceptions for air carrier pilots and in the trucking industry that support the approach that they use.

Informally, leadership learns that many peer companies in this space use 1099 classifications extensively, despite the gray areas.

Escalation

Uncertain whom to trust, leadership turns to a new fractional CFO and asks a simple question, "What is the *real* answer here — and what risk are we actually carrying?"

The expectation is not just an opinion, but a defensible recommendation leadership can stand behind.

<u>Discussion Focus: The Fractional CFO's Role</u>

1. **How would you approach the research?**
2. **What specific AI tools might you use?**
3. **Assuming you choose an AI chatbot – which one and why?**
4. **What prompt would you give a chatbot on this issue?**
5. **How would you vet the information the chat bot gave you?**
6. **What other resources might you use?**

7. **In what other ways might you employ AI to resolve this?**
8. **At what point do you employ your professional judgement in making a recommendation?**