

**AMERICAN ACCOUNTING ASSOCIATION
SARASOTA, FLORIDA**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

May 31, 2017

AMERICAN ACCOUNTING ASSOCIATION
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
MAY 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities—Year Ended May 31, 2017.....	4
Statement of Activities—Year Ended May 31, 2016.....	5
Statement of Functional Expenses—Year Ended May 31, 2017.....	6
Statement of Functional Expenses—Year Ended May 31, 2016.....	7
Statement of Cash Flows—Year Ended May 31, 2017	8
Statement of Cash Flows—Year Ended May 31, 2016	9
Notes to Financial Statements.....	10
SUPPLEMENTAL INFORMATION	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION	17
Supporting Schedule of the Statements of Financial Position	18
Supporting Schedule of the Statements of Activities.....	19
Supporting Schedule of the Statements of Cash Flows	20



INDEPENDENT AUDITOR'S REPORT

Board of Directors
American Accounting Association
Sarasota, Florida

We have audited the accompanying financial statements of the American Accounting Association, a not-for-profit organization, which comprise the statements of financial position as of May 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Accounting Association as of May 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Bradenton, Florida
September 19, 2017

AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

	<u>May 31, 2017</u>	<u>May 31, 2016</u>
ASSETS		
Cash and cash equivalents (Note B)	\$ 3,447,230	4,462,204
Certificates of deposit (Note C)	1,553,883	1,553,154
Accounts receivable	771,335	500,055
Pledges receivable, net (Note D)	1,756,225	1,813,714
Publications inventory	2,556	2,055
Prepays and other assets	406,595	328,788
Property and equipment, net (Note E)	<u>2,841,545</u>	<u>2,921,922</u>
TOTAL ASSETS	<u><u>\$ 10,779,369</u></u>	<u><u>11,581,892</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 628,965	710,210
Deferred revenue	2,240,939	2,224,959
Long term debt (Note F)	<u>1,555,834</u>	<u>1,612,294</u>
Total liabilities	4,425,738	4,547,463
Net assets		
Unrestricted	4,465,944	5,083,985
Temporarily restricted (Note G)	1,787,687	1,850,444
Permanently restricted (Note J)	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>6,353,631</u>	<u>7,034,429</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,779,369</u></u>	<u><u>11,581,892</u></u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended May 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Membership dues	\$ 1,592,072	-	-	1,592,072
FASB codification	210,379	-	-	210,379
Subscriptions	442,473	-	-	442,473
Advertising	272,066	-	-	272,066
Publications/aggregators (Note H)	2,827,097	-	-	2,827,097
Contributions	414,716	581,400	-	996,116
Interest and dividend income	9,174	-	-	9,174
Annual meeting	2,274,117	-	-	2,274,117
Gain on sale of property and equipment	551,825	-	-	551,825
Other revenue (primarily from programs and seminars)	1,477,484	-	-	1,477,484
Net assets released from restrictions	644,157	(644,157)	-	-
Total support and revenue	10,715,560	(62,757)	-	10,652,803
Expenses				
Program services				
Annual meeting	2,787,896	-	-	2,787,896
Committees and awards	576,624	-	-	576,624
Conferences and consortia	1,201,493	-	-	1,201,493
Memberships and subscriptions	999,168	-	-	999,168
Publications	1,763,908	-	-	1,763,908
Region support	170,820	-	-	170,820
Section support	1,443,745	-	-	1,443,745
Special events	17,881	-	-	17,881
Support services				
Management and general	2,372,066	-	-	2,372,066
Total expenses	11,333,601	-	-	11,333,601
Change in net assets	(618,041)	(62,757)	-	(680,798)
Net assets at beginning of year	5,083,985	1,850,444	100,000	7,034,429
Net assets at end of year	\$ 4,465,944	1,787,687	100,000	6,353,631

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended May 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Membership dues	\$ 1,514,039	-	-	1,514,039
FASB codification	218,285	-	-	218,285
Subscriptions	470,310	-	-	470,310
Advertising	322,914	-	-	322,914
Publications/aggregators (Note H)	2,843,796	-	-	2,843,796
Contributions	405,732	26,515	-	432,247
Interest and dividend income	7,693	-	-	7,693
Annual meeting	1,852,898	-	-	1,852,898
Other revenue (primarily from programs and seminars)	1,335,536	-	-	1,335,536
Net assets released from restrictions	643,926	(643,926)	-	-
Total support and revenue	<u>9,615,129</u>	<u>(617,411)</u>	<u>-</u>	<u>8,997,718</u>
Expenses				
Program services				
Annual meeting	2,201,801	-	-	2,201,801
Committees and awards	540,023	-	-	540,023
Conferences and consortia	1,189,436	-	-	1,189,436
Memberships and subscriptions	991,222	-	-	991,222
Publications	1,777,380	-	-	1,777,380
Region support	178,283	-	-	178,283
Section support	1,335,809	-	-	1,335,809
Special events	46,471	-	-	46,471
Support services				
Management and general	2,433,962	-	-	2,433,962
Total expenses	<u>10,694,387</u>	<u>-</u>	<u>-</u>	<u>10,694,387</u>
Change in net assets	(1,079,258)	(617,411)	-	(1,696,669)
Net assets at beginning of year	<u>6,163,243</u>	<u>2,467,855</u>	<u>100,000</u>	<u>8,731,098</u>
Net assets at end of year	<u>\$ 5,083,985</u>	<u>1,850,444</u>	<u>100,000</u>	<u>7,034,429</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2017

	Program Services									Management and General	Total Expenses
	Annual Meeting	Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support	Special Events	Total Program Services		
Salaries	\$ 294,265	105,104	100,243	510,847	441,795	74,321	117,967	-	1,644,542	732,704	2,377,246
Employee benefits	60,170	21,491	20,497	104,456	90,336	15,197	24,121	-	336,268	149,820	486,088
Payroll taxes	22,016	7,864	7,500	38,220	33,054	5,560	8,826	-	123,040	54,819	177,859
Other payroll	3,647	1,303	1,242	6,331	5,475	921	1,462	-	20,381	9,080	29,461
Training and recruitment	2,883	1,030	982	5,004	6,664	728	1,156	-	18,447	7,178	25,625
Total salaries and related expenses	382,981	136,792	130,464	664,858	577,324	96,727	153,532	-	2,142,678	953,601	3,096,279
Awards and grants	13,741	178,024	1,540	7	6	361	13,005	-	206,684	8,873	215,557
Bank and credit card fees	84,628	1,946	18,678	62,062	18,805	1,376	3,281	-	190,776	20,835	211,611
Dues and subscriptions	1,124	402	383	1,952	1,688	284	451	-	6,284	2,799	9,083
Equipment/software maintenance	1,108	396	377	1,924	1,663	280	443	-	6,191	2,759	8,950
Event coordinator expense	49,692	2,544	2,426	12,364	10,693	1,964	3,772	-	83,455	19,524	102,979
Hotel/food/beverage/audio visual	1,803,843	58,166	850,762	1,212	1,048	728	1,003,190	-	3,718,949	629,651	4,348,600
Insurance	4,704	331	668	7,151	17,544	234	372	-	31,004	31,616	62,620
Information technology	17,489	6,317	5,958	30,363	27,384	4,418	7,011	-	98,940	45,070	144,010
Miscellaneous	9,882	72,379	7,116	16,199	14,213	6,487	21,526	-	147,802	50,101	197,903
Office maintenance	942	-	546	8,584	25,016	-	-	-	35,088	29,890	64,978
Postage	18,396	805	1,793	2,766	138,362	254	9,865	-	172,241	7,522	179,763
Publications pre-press	4,221	1,493	1,424	7,260	475,547	1,064	1,761	-	492,770	78,512	571,282
Printing/copying	46,020	29,142	8,274	442	161,802	53	23,475	-	269,208	7,891	277,099
Professional and temp fees	90,525	21,921	23,908	103,508	166,108	49,070	117,293	-	572,333	191,394	763,727
Registration/exhibitor/placements	100,072	455	2,805	2,212	1,913	322	511	-	108,290	5,373	113,663
Speakers	61,877	-	13,722	-	-	-	41,174	-	116,773	2,518	119,291
Supplies	26,042	3,917	3,661	14,233	11,786	1,861	4,500	17,881	83,881	21,056	104,937
Taxes	641	-	372	5,844	17,031	-	-	-	23,888	21,819	45,707
Telephone/internet/web	3,790	3,398	1,538	6,265	7,007	911	2,248	-	25,157	10,059	35,216
Travel	56,625	56,622	122,334	22,769	19,867	3,313	34,568	-	316,098	138,802	454,900
Utilities	447	-	259	4,073	11,871	-	-	-	16,650	14,184	30,834
Web services/web hosting	7,408	1,574	1,501	7,651	12,147	1,113	1,767	-	33,161	24,352	57,513
Total expenses before depreciation	2,403,217	439,832	1,070,045	318,841	1,141,501	74,093	1,290,213	17,881	6,755,623	1,364,600	8,120,223
Depreciation	1,698	-	984	15,469	45,083	-	-	-	63,234	53,865	117,099
Total expenses	\$ 2,787,896	576,624	1,201,493	999,168	1,763,908	170,820	1,443,745	17,881	8,961,535	2,372,066	11,333,601

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2016

	Program Services								Total Program Services	Management and General	Total Expenses
	Annual Meeting	Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support	Special Events			
Salaries	\$ 259,966	92,815	88,615	451,266	390,159	65,726	104,154	-	1,452,701	646,784	2,099,485
Employee benefits	70,757	25,262	24,119	122,824	106,191	17,889	28,348	-	395,390	176,148	571,538
Payroll taxes	20,079	7,169	6,844	34,854	30,134	5,076	8,045	-	112,201	49,986	162,187
Other payroll	3,932	1,404	1,340	6,825	5,901	994	1,575	-	21,971	9,788	31,759
Training and recruitment	26,984	9,634	9,198	46,841	41,253	6,822	10,811	-	151,543	67,177	218,720
Total salaries and related expenses	381,718	136,284	130,116	662,610	573,638	96,507	152,933	-	2,133,806	949,883	3,083,689
Awards and grants	14,070	168,281	497	-	-	928	26,525	-	210,301	6,338	216,639
Bank and credit card fees	57,718	2,271	19,181	64,978	19,344	1,608	3,623	-	168,723	21,728	190,451
Dues and subscriptions	2,182	779	743	3,788	3,276	551	875	-	12,194	5,433	17,627
Equipment/software maintenance	1,430	510	487	2,481	2,145	362	572	-	7,987	3,559	11,546
Event coordinator expense	58,287	541	1,036	2,632	2,276	1,750	24,083	-	90,605	17,125	107,730
Hotel/food/beverage/audio visual	1,337,682	53,805	821,158	5,287	4,571	2,601	855,790	27,345	3,108,239	536,479	3,644,718
Insurance	4,363	281	605	6,655	16,592	199	316	-	29,011	29,319	58,330
Information technology	12,061	4,307	10,193	20,934	22,010	3,048	4,837	-	77,390	34,687	112,077
Miscellaneous	14,253	41,640	2,309	10,878	11,181	1,556	16,156	-	97,973	41,808	139,781
Office maintenance	1,260	-	730	11,475	33,444	-	-	-	46,909	39,959	86,868
Postage	13,159	836	4,760	4,416	134,757	552	8,842	-	167,322	6,782	174,104
Publications pre-press	4,540	898	857	4,368	484,508	635	1,009	-	496,815	79,881	576,696
Printing/copying	39,102	529	4,040	921	145,172	809	26,754	-	217,327	27,049	244,376
Professional and temp fees	38,667	38,620	31,344	109,259	164,548	56,984	137,999	-	577,421	274,910	852,331
Registration/exhibitor/placements	69,355	969	296	1,064	920	155	246	-	73,005	3,526	76,531
Speakers	52,552	-	21,871	-	-	1,094	22,883	-	98,400	7,374	105,774
Supplies	32,853	7,728	3,562	13,555	11,865	1,752	5,690	19,126	96,131	20,317	116,448
Taxes	770	-	446	7,015	20,444	-	-	-	28,675	30,952	59,627
Telephone/internet/web	3,917	2,741	1,556	5,519	9,531	804	4,722	-	28,790	12,047	40,837
Travel	49,595	76,771	129,771	15,057	22,205	4,807	39,449	-	337,655	160,229	497,884
Utilities	409	-	237	3,730	10,870	-	-	-	15,246	12,987	28,233
Web services/web hosting	9,251	2,232	2,131	10,851	14,868	1,581	2,505	-	43,419	28,891	72,310
Total expenses before depreciation	2,199,194	540,023	1,187,926	967,473	1,708,165	178,283	1,335,809	46,471	8,163,344	2,351,263	10,514,607
Depreciation	2,607	-	1,510	23,749	69,215	-	-	-	97,081	82,699	179,780
Total expenses	<u>\$ 2,201,801</u>	<u>540,023</u>	<u>1,189,436</u>	<u>991,222</u>	<u>1,777,380</u>	<u>178,283</u>	<u>1,335,809</u>	<u>46,471</u>	<u>8,260,425</u>	<u>2,433,962</u>	<u>10,694,387</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended May 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities				
Change in net assets	\$ (618,041)	(62,757)	-	(680,798)
Adjustments to reconcile change in net assets to net cash used by operating activities				
Depreciation	117,098	-	-	117,098
Gain on sale of property and equipment	(551,825)	-	-	(551,825)
(Increase) decrease in				
Pledges receivable	-	57,489	-	57,489
Accounts receivable	(271,280)	-	-	(271,280)
Publications inventory	(501)	-	-	(501)
Prepays and other assets	(77,807)	-	-	(77,807)
Increase (decrease) in				
Accounts payable and accrued expenses	(81,245)	-	-	(81,245)
Deferred revenue	15,980	-	-	15,980
Net cash used by operating activities	(1,467,621)	(5,268)	-	(1,472,889)
Cash flows from investing activities				
Purchase of property and equipment	(688,628)	-	-	(688,628)
Proceeds from sale of property and equipment	1,203,732	-	-	1,203,732
Purchase of certificates of deposit	(901,863)	-	-	(901,863)
Maturities of certificates of deposit	901,134	-	-	901,134
Net cash used by investing activities	514,375	-	-	514,375
Cash flows from financing activities				
Principal paid on long-term debt	(56,460)	-	-	(56,460)
Net cash used by investing activities	(56,460)	-	-	(56,460)
Net decrease in cash and cash equivalents	(1,009,706)	(5,268)	-	(1,014,974)
Cash and cash equivalents at beginning of year	4,048,210	313,994	100,000	4,462,204
Cash and cash equivalents at end of year	\$ 3,038,504	308,726	100,000	3,447,230

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended May 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities				
Change in net assets	\$ (1,079,258)	(617,411)	-	(1,696,669)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	179,780	-	-	179,780
(Increase) decrease in				
Pledges receivable	-	618,463	-	618,463
Accounts receivable	102,074	-	-	102,074
Publications inventory	(380)	-	-	(380)
Prepays and other assets	(43,810)	-	-	(43,810)
Increase (decrease) in				
Accounts payable and accrued expenses	258,069	-	-	258,069
Deferred revenue	258,342	-	-	258,342
Net cash (used in) provided by operating activities	(325,183)	1,052	-	(324,131)
Cash flows from investing activities				
Purchase of property and equipment	(47,272)	-	-	(47,272)
Maturities of certificates of deposit	149,078	-	-	149,078
Net cash provided by investing activities	101,806	-	-	101,806
Cash flows from financing activities				
Principal paid on long-term debt	(53,898)	-	-	(53,898)
Net cash used by investing activities	(53,898)	-	-	(53,898)
Net increase (decrease) in cash and cash equivalents	(277,275)	1,052	-	(276,223)
Cash and cash equivalents at beginning of year	4,325,485	312,942	100,000	4,738,427
Cash and cash equivalents at end of year	\$ 4,048,210	313,994	100,000	4,462,204

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization and Nature of Activities: The American Accounting Association (the “Association”) was founded in 1916 as a non-profit organization. The Association seeks to promote worldwide excellence in accounting education, research and practice. The Association publishes scholarly journals and conducts meetings, consortia and conferences on a variety of pedagogical and accounting issues. The Association's members are primarily accounting faculty members at colleges and universities throughout the world. The Association also publishes newsletters and engages in other activities to support worldwide excellence in accounting education, research and practice.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents: The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable: The Association records accounts receivables at their net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. At May 31, 2017 and 2016, all accounts receivables are considered fully collectible.

Pledges Receivable: Promises to give are recorded at net realizable value. Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. As of May 31, 2017 and 2016, all pledges receivable are considered fully collectible.

Publications Inventory: Publications inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Property and Equipment: The Association records its property and equipment at cost or at fair value, if donated. The Association maintains a capitalization threshold of \$500. Depreciation of buildings and equipment is provided for using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of assets range from 3 to 10 years for furniture, fixtures and equipment; and 10 to 40 years for buildings and land improvements. Maintenance and repair costs are expensed as incurred.

Deferred Revenue: Membership dues and subscriptions are paid annually and are recognized as income over the 12-month period expected to be benefited. Fees collected in advance for conferences and meetings are deferred and are recognized in the year of the function.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Association's annual meeting is held each August. Fees and contributions collected in advance and related expenses are deferred, with the exception of allocated salaries and other indirect costs.

Publication Revenue: Publication revenue is recognized over the subscription period.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Association is generally exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Association is required to pay income taxes on the excess of revenues derived from activities unrelated to the tax-exempt purpose of the Association over the related expenses.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for the years ended May 31, 2017 and 2016.

The Association files income tax returns in the U.S., Florida, and Illinois.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events: The Association evaluated its May 31, 2017, financial statements for all subsequent events through September 19, 2017, the date the financial statements were issued. In connection with this evaluation, the Association is not aware of any significant subsequent events that would require recognition or disclosure in the accompanying financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents by managed fund groups consists of the following:

	<u>May 31, 2017</u>	<u>May 31, 2016</u>
General operations	\$ 1,703,250	2,824,870
Sections	1,566,301	1,452,906
Regions	<u>177,679</u>	<u>184,428</u>
Total cash and cash equivalents	<u>\$ 3,447,230</u>	<u>4,462,204</u>

As of May 31, 2017, the amount in excess of FDIC coverage was approximately \$1,232,000 and \$1,279,000 as of May 31, 2017 and 2016, respectively.

NOTE C – CERTIFICATES OF DEPOSIT

As of May 31, 2017 and 2016, the Association held 12 certificates of deposit in increments ranging from \$100,000 to \$250,000 in separate banking institutions, with no more than \$250,000 held at any one institution. Maturity dates on the certificates of deposit range in increments from 12 months up to 36 months.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE D – PLEDGES RECEIVABLE

Unconditional promises to give are presented net of the discount to present value using an interest rate equivalent to the current risk free rate at the time the promise is made. The Association used an interest rate of 0.12%, which is due to be collected as follows:

	<u>May 31, 2017</u>	<u>May 31, 2016</u>
Pledges receivable, less than 1 year	\$ 532,674	498,298
Pledges receivable, greater than one year	1,224,983	1,316,973
Discount on pledges receivable	<u>(1,432)</u>	<u>(1,557)</u>
 Pledges receivable, net	 <u>\$ 1,756,225</u>	 <u>1,813,714</u>

The discount amortization is recognized as an increase in contribution income over the duration of the pledge.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>May 31, 2017</u>	<u>May 31, 2016</u>
Land	\$ 376,934	199,816
Land improvements	-	61,332
Building and improvements	2,387,998	3,030,651
Furniture and equipment	118,530	280,143
Computers and software	<u>1,117,469</u>	<u>924,596</u>
	4,000,931	4,496,538
Less accumulated depreciation	<u>(1,159,386)</u>	<u>(1,574,616)</u>
 Total property and equipment	 <u>\$ 2,841,545</u>	 <u>2,921,922</u>

Certain items in the property and equipment categories have been reclassified from the 2016 presentation to the 2017 presentation, with no financial impact.

Depreciation expense was \$117,098 and \$179,780 for the years ended May 31, 2017 and 2016, respectively.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE F – LONG-TERM DEBT

On February 24, 2015, the Association signed a mortgage agreement with Fifth Third Bank for the Association's office building. The original principal sum of the mortgage was \$1,680,000 and calls for interest on the unpaid balance at the rate of 4.25% per annum. Principal and interest is payable in 119 consecutive monthly installments of \$10,403 each. Debt is secured by the building and future assignment of rents should the Association enter into a lease contract on the existing property. The Association shall not permit its unrestricted liquidity to funded debt be less than 2.5 to 1.0, which was met as of May 31, 2017.

Future maturities of long-term debt based on the amount outstanding as of May 31, 2017, are as follows:

2018	\$	59,949
2019		62,547
2020		65,258
2021		68,086
2022		71,036
Thereafter		1,228,958
	\$	<u>1,555,834</u>

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>May 31, 2017</u>	<u>May 31, 2016</u>
Seminars and education	\$ 818,288	925,970
Awards	954,125	909,200
Research	<u>15,274</u>	<u>15,274</u>
Temporarily restricted net assets	<u>\$ 1,787,687</u>	<u>1,850,444</u>

NOTE H – ROYALTY AGREEMENTS

The Association has a major license agreement that expires on December 31, 2021, and may be renewed thereafter. The agreement is for guaranteed minimum annual royalties of \$2,400,000, which are paid on a quarterly basis and are included in publications/aggregators revenue. Accounts receivable under the license agreement was \$400,000 as of May 31, 2017 and 2016.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE I – EMPLOYEE BENEFIT PLAN

The Association participates in a 401(k) employer defined contribution plan (the “Plan”). Employees who are at least 21 years old and who have met all eligibility requirements are eligible to participate. Employer contributions to the Plan are 7% of qualifying employees' compensation. The Association's contributions to the Plan were \$145,721 and \$86,612 for the years ended May 31, 2017 and 2016, respectively. Employees may contribute to the 401(k) plan up to the maximum allowed by law.

NOTE J – ENDOWMENT

The Association holds an endowment which is donor restricted. The Association's Board of Directors have interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Association and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Association;
7. The investment policies of the Association.

The Association has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund and provide consistent long-term income returns. To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints. Given current market conditions, the funds are currently invested in high quality fixed income securities. Net earnings during the period were immaterial.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE J – ENDOWMENT (CONTINUED)

The endowment net asset composition is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total at May 31, 2017</u>
Donor-restricted endowment funds	\$ <u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total at May 31, 2016</u>
Donor-restricted endowment funds	\$ <u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>

During the year ended May 31, 2017, there were no changes to the endowment since the initial contribution was received.

SUPPLEMENTAL INFORMATION



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
American Accounting Association
Sarasota, Florida

We have audited the financial statements of the American Accounting Association as of and for the years ended May 31, 2017 and 2016, and have issued our report thereon dated September 19, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The supporting schedules on pages 18 through 20 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mauldin & Jenkins, LLC

Bradenton, Florida
September 19, 2017

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF FINANCIAL POSITION

	May 31, 2017				May 31, 2016
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
ASSETS					
Cash and cash equivalents	\$ 1,703,250	1,566,301	177,679	3,447,230	4,462,204
Certificates of deposit	1,453,883	100,000	-	1,553,883	1,553,154
Accounts receivable	771,335	-	-	771,335	500,055
Pledges receivable, net	1,756,225	-	-	1,756,225	1,813,714
Publications inventory	2,556	-	-	2,556	2,055
Prepays and other assets	406,595	-	-	406,595	328,788
Property and equipment, net	2,841,545	-	-	2,841,545	2,921,922
TOTAL ASSETS	\$ 8,935,389	1,666,301	177,679	10,779,369	11,581,892
Accounts payable and accrued expenses	\$ 628,965	-	-	628,965	710,210
Deferred revenue	2,031,966	208,973	-	2,240,939	2,224,959
Debt	1,555,834	-	-	1,555,834	1,612,294
Total liabilities	4,216,765	208,973	-	4,425,738	4,547,463
Net assets					
Unrestricted	3,251,096	1,037,169	177,679	4,465,944	5,083,985
Temporarily restricted	1,467,528	320,159	-	1,787,687	1,850,444
Permanently restricted	-	100,000	-	100,000	100,000
Total net assets	4,718,624	1,457,328	177,679	6,353,631	7,034,429
TOTAL LIABILITIES AND NET ASSETS	\$ 8,935,389	1,666,301	177,679	10,779,369	11,581,892

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF ACTIVITIES

	Year Ended May 31, 2017				Year Ended May 31, 2016
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Support and revenue					
Membership dues	\$ 1,343,955	248,117	-	1,592,072	1,514,039
FASB codification	210,379	-	-	210,379	218,285
Subscriptions	378,455	64,018	-	442,473	470,310
Advertising	272,066	-	-	272,066	322,914
Publications/aggregators	2,721,216	105,881	-	2,827,097	2,843,796
Contributions	384,170	611,946	-	996,116	432,247
Interest and dividend income	9,174	-	-	9,174	7,693
Annual meeting	2,189,391	84,726	-	2,274,117	1,852,898
Gain on sale of property and equipment	551,825	-	-	551,825	-
Other revenue (primarily from programs and seminars)	807,437	670,047	-	1,477,484	1,335,536
Total support and revenue	8,868,068	1,784,735	-	10,652,803	8,997,718
Expenses					
Program services					
Annual meeting	2,605,752	182,144	-	2,787,896	2,201,801
Committees and awards	480,297	96,327	-	576,624	540,023
Conferences and consortia	1,193,537	7,956	-	1,201,493	1,189,436
Membership and subscriptions	958,624	40,544	-	999,168	991,222
Publications	1,580,172	183,736	-	1,763,908	1,777,380
Region support	159,703	5,898	5,219	170,820	178,283
Section support	334,718	1,109,027	-	1,443,745	1,335,809
Special events	17,881	-	-	17,881	46,471
Support services					
Management and general	2,311,470	60,596	-	2,372,066	2,433,962
Total expenses	9,642,154	1,686,228	5,219	11,333,601	10,694,387
Change in net assets	(774,086)	98,507	(5,219)	(680,798)	(1,696,669)
Net assets at beginning of year	5,492,710	1,358,821	182,898	7,034,429	8,731,098
Net assets at end of year	\$ 4,718,624	1,457,328	177,679	6,353,631	7,034,429

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF CASH FLOWS

	Year Ended May 31, 2017				Year Ended May 31, 2016
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Cash flows from operating activities					
Change in net assets	\$ (774,086)	98,507	(5,219)	(680,798)	(1,696,669)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities					
Depreciation	117,098	-	-	117,098	179,780
Gain on sale of property and equipment	(551,825)	-	-	(551,825)	-
(Increase) decrease in					
Pledges receivable	57,489	-	-	57,489	618,463
Accounts receivable	(271,280)	-	-	(271,280)	102,074
Publications inventory	(501)	-	-	(501)	(380)
Prepays and other assets	(83,652)	5,845	-	(77,807)	(43,810)
Increase in					
Accounts payable and accrued expenses	(70,456)	(9,259)	(1,530)	(81,245)	258,069
Deferred revenue	(2,322)	18,302	-	15,980	258,342
Net cash provided (used) by operating activities	(1,579,535)	113,395	(6,749)	(1,472,889)	(324,131)
Cash flows from investing activities					
Purchase of property and equipment	(688,628)	-	-	(688,628)	(47,272)
Proceeds from sale of property and equipment	1,203,732	-	-	1,203,732	-
Purchase of certificates of deposit	(901,863)	-	-	(901,863)	-
Maturities of certificates of deposit	901,134	-	-	901,134	149,078
Net cash provided (used) by investing activities	514,375	-	-	514,375	101,806
Cash flows from financing activities					
Principal paid on long-term debt	(56,460)	-	-	(56,460)	(53,898)
Net cash provided (used) by investing activities	(56,460)	-	-	(56,460)	(53,898)
Net increase (decrease) in cash and cash equivalents	(1,121,620)	113,395	(6,749)	(1,014,974)	(276,223)
Cash and cash equivalents at beginning of year	2,824,870	1,452,906	184,428	4,462,204	4,738,427
Cash and cash equivalents at end of year	\$ 1,703,250	1,566,301	177,679	3,447,230	4,462,204

See independent auditor's report on supplementary information.