

**AMERICAN ACCOUNTING ASSOCIATION
SARASOTA, FLORIDA**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

May 31, 2016

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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, 2016 and 2015, 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, 2016 and 2015, 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 29, 2016

AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
ASSETS		
Cash and cash equivalents (Note B)	\$ 4,462,204	4,738,427
Certificates of deposit (Note C)	1,553,154	1,702,232
Accounts receivable	500,055	602,129
Pledges receivable, net (Note D)	1,813,714	2,432,177
Publications inventory	2,055	1,675
Prepays and other assets	328,788	284,978
Property and equipment, net (Note E)	<u>2,921,922</u>	<u>3,054,430</u>
 TOTAL ASSETS	 <u>\$ 11,581,892</u>	 <u>12,816,048</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 710,210	452,141
Deferred revenue	2,224,959	1,966,617
Long term debt (Note F)	<u>1,612,294</u>	<u>1,666,192</u>
Total liabilities	<u>4,547,463</u>	<u>4,084,950</u>
 Net assets		
Unrestricted	5,083,985	6,163,243
Temporarily restricted (Note G)	1,850,444	2,467,855
Permanently restricted (Note J)	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>7,034,429</u>	<u>8,731,098</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 11,581,892</u>	 <u>12,816,048</u>

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	9,615,129	(617,411)	-	8,997,718
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	10,694,387	-	-	10,694,387
Change in net assets	(1,079,258)	(617,411)	-	(1,696,669)
Net assets at beginning of year	6,163,243	2,467,855	100,000	8,731,098
Net assets at end of year	\$ 5,083,985	1,850,444	100,000	7,034,429

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended May 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Membership dues	\$ 1,515,271	-	-	1,515,271
FASB codification	228,783	-	-	228,783
Subscriptions	492,174	-	-	492,174
Advertising	280,063	-	-	280,063
Publications/aggregators (Note H)	2,686,180	-	-	2,686,180
Contributions	271,683	2,329,621	-	2,601,304
Interest and dividend income	7,901	-	-	7,901
Annual meeting	1,781,243	-	-	1,781,243
Other revenue (primarily from programs and seminars)	1,325,063	-	-	1,325,063
Net assets released from restrictions	555,613	(555,613)	-	-
Total support and revenue	<u>9,143,974</u>	<u>1,774,008</u>	<u>-</u>	<u>10,917,982</u>
Expenses				
Program services				
Annual meeting	1,699,932	-	-	1,699,932
Committees and awards	353,223	-	-	353,223
Conferences and consortia	996,346	-	-	996,346
Memberships and subscriptions	831,660	-	-	831,660
Publications	1,667,304	-	-	1,667,304
Region support	180,745	-	-	180,745
Section support	1,206,562	-	-	1,206,562
Special events	51,631	-	-	51,631
Support services				
Management and general	<u>2,495,370</u>	<u>-</u>	<u>-</u>	<u>2,495,370</u>
Total expenses	<u>9,482,773</u>	<u>-</u>	<u>-</u>	<u>9,482,773</u>
Change in net assets	(338,799)	1,774,008	-	1,435,209
Net assets at beginning of year	<u>6,502,042</u>	<u>693,847</u>	<u>100,000</u>	<u>7,295,889</u>
Net assets at end of year	<u>\$ 6,163,243</u>	<u>2,467,855</u>	<u>100,000</u>	<u>8,731,098</u>

See accompanying notes.

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

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

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2015

	Annual Meeting	Program Services									Management and General	Total Expenses
		Awards	Conferences and Consortia	Membership and		Region Support	Section Support	Special Events	Total Program Services			
				Subscriptions	Publications							
Salaries	\$ 252,599	90,222	86,050	438,515	379,240	63,797	101,264	-	1,411,687	628,637	2,040,324	
Employee benefits (Note I)	63,605	22,718	21,668	110,420	95,494	16,064	25,499	-	355,468	158,374	513,842	
Payroll taxes	19,585	6,995	6,672	34,000	29,404	4,947	7,852	-	109,455	48,766	158,221	
Other payroll	3,791	1,354	1,291	6,581	5,692	958	1,520	-	21,187	9,440	30,627	
Training and recruitment	2,818	1,007	960	4,893	4,544	712	1,130	-	16,064	7,017	23,081	
Total salaries and related expenses	342,398	122,296	116,641	594,409	514,374	86,478	137,265	-	1,913,861	852,234	2,766,095	
Awards and grants	12,753	77,117	327	-	-	1,254	20,559	-	112,010	7,495	119,505	
Bank and credit card fees	59,316	2,232	9,210	55,980	17,883	1,578	3,714	520	150,433	20,007	170,440	
Dues and subscriptions	1,832	654	624	3,180	2,750	463	734	-	10,237	4,561	14,798	
Equipment/software maintenance	1,061	379	361	1,842	1,593	268	425	-	5,929	2,643	8,572	
Event coordinator expense	67,132	2,476	2,361	12,034	10,407	5,398	28,272	-	128,080	31,131	159,211	
Hotel/food/beverage/audio visual	817,674	52,341	690,620	-	-	27,550	795,708	30,674	2,414,567	565,481	2,980,048	
Insurance	4,377	241	513	5,629	14,005	171	271	-	25,207	26,031	51,238	
Information technology	12,848	4,599	4,366	22,244	23,581	3,236	9,138	-	80,012	38,578	118,590	
Miscellaneous	9,576	8,016	10,387	2,717	3,900	395	10,913	-	45,904	30,403	76,307	
Office maintenance	465	-	270	4,239	12,353	-	-	-	17,327	14,759	32,086	
Postage	20,562	732	932	8,283	136,268	832	9,348	-	176,957	9,409	186,366	
Publications pre-press	5,657	1,804	1,721	8,769	465,965	1,276	2,025	-	487,217	75,194	562,411	
Printing/copying	42,138	35	2,657	1,885	171,153	1,119	20,930	114	240,031	26,958	266,989	
Professional and temp fees	107,245	10,368	12,447	43,586	165,891	40,042	102,600	-	482,179	365,812	847,991	
Registration/exhibitor/placements	53,627	3,301	1,365	1,461	1,264	213	337	-	61,568	2,096	63,664	
Speakers	61,413	82	4,595	397	344	1,249	28,494	-	96,574	73,356	169,930	
Supplies	24,733	1,752	2,530	8,517	8,214	1,989	3,832	17,794	69,361	19,016	88,377	
Taxes	96	-	56	875	2,551	-	-	-	3,578	9,200	12,778	
Telephone/internet/web	3,706	1,876	934	4,685	6,510	682	4,521	44	22,958	10,030	32,988	
Travel	41,077	60,967	130,195	19,898	30,492	5,170	25,282	2,485	315,566	185,546	501,112	
Utilities	367	-	212	3,340	9,734	-	-	-	13,653	11,630	25,283	
Web services/web hosting	7,883	1,955	1,865	9,502	15,064	1,382	2,194	-	39,845	50,466	90,311	
Total expenses before depreciation	1,697,936	353,223	995,189	813,472	1,614,296	180,745	1,206,562	51,631	6,913,054	2,432,036	9,345,090	
Depreciation	1,996	-	1,157	18,188	53,008	-	-	-	74,349	63,334	137,683	
Total expenses	\$ 1,699,932	353,223	996,346	831,660	1,667,304	180,745	1,206,562	51,631	6,987,403	2,495,370	9,482,773	

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 in				
Accounts payable and accrued expenses	258,069	-	-	258,069
Deferred revenue	258,342	-	-	258,342
Net cash provided by (used in) 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
STATEMENT OF CASH FLOWS
Year Ended May 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities				
Change in net assets	\$ (338,799)	1,774,008	-	1,435,209
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	137,683	-	-	137,683
(Increase) decrease in				
Pledges receivable	(95,506)	(1,687,653)	-	(1,783,159)
Accounts receivable	73,388	-	-	73,388
Prepays and other assets	(23,933)	-	-	(23,933)
Increase (decrease) in				
Accounts payable and accrued expenses	(290,991)	-	-	(290,991)
Deferred revenue	45,659	-	-	45,659
Net cash provided by (used in) operating activities	(492,499)	86,355	-	(406,144)
Cash flows from investing activities				
Purchase of property and equipment	(2,302,097)	-	-	(2,302,097)
Purchase of certificates of deposit	(1,701,900)	-	-	(1,701,900)
Maturities of certificates of deposit	1,800,202	-	-	1,800,202
Net cash used by investing activities	(2,203,795)	-	-	(2,203,795)
Cash flows from financing activities				
Issuance of long-term debt	1,680,000	-	-	1,680,000
Principal paid on long-term debt	(13,808)	-	-	(13,808)
Net cash provided by investing activities	1,666,192	-	-	1,666,192
Net increase (decrease) in cash and cash equivalents	(1,030,102)	86,355	-	(943,747)
Cash and cash equivalents at beginning of year	5,355,587	226,587	100,000	5,682,174
Cash and cash equivalents at end of year	\$ 4,325,485	312,942	100,000	4,738,427

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, 2016 and 2015, 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. At May 31, 2016 and 2015, 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 when the related publications are delivered.

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, 2016 and 2015.

The Association files income tax returns in the U.S. and various states.

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, 2016 financial statements for all subsequent events through September 29, 2015, the date the financial statements were issued. In connection with this evaluation, the Association is not aware of any significant subsequent events which 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, 2016</u>	<u>May 31, 2015</u>
General operations	\$ 2,824,870	2,938,714
Sections	1,452,906	1,623,977
Regions	<u>184,428</u>	<u>175,736</u>
Total cash and cash equivalents	<u>\$ 4,462,204</u>	<u>4,738,427</u>

As of May 31, 2016, the amount in excess of FDIC coverage was approximately \$1,279,000 and \$1,382,000 as of May 31, 2016 and 2015, respectively.

NOTE C – CERTIFICATES OF DEPOSIT

At May 31, 2016 and 2015, the Association held 11 certificates of deposits 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 deposits 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, 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, which ranges between .10% and 0.39%, are due to be collected as follows:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Pledges receivable, less than 1 year	\$ 498,298	629,097
Pledges receivable, 1 to 5 years	1,316,973	1,805,153
Discount on pledges receivable	<u>(1,557)</u>	<u>(2,073)</u>
Pledges receivable, net	<u>\$ 1,813,714</u>	<u>2,432,177</u>

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

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Land	\$ 199,816	199,816
Land improvements	61,332	61,332
Building and improvements	3,030,651	3,030,651
Furniture and equipment	280,143	280,143
Computers and software	<u>924,596</u>	<u>877,324</u>
	4,496,538	4,449,266
Less accumulated depreciation	<u>(1,574,616)</u>	<u>(1,394,836)</u>
Total property and equipment	<u>\$ 2,921,922</u>	<u>3,054,430</u>

Depreciation expense was \$179,780 and \$137,683 for the year ended May 31, 2016 and 2015, respectively.

NOTE F – LONG-TERM DEBT

On February 24, 2015, the Association signed a mortgage agreement with Fifth Third Bank. The mortgage is for the Association's new office building under construction. The principal sum of the mortgage is \$1,680,000 together with interest on the unpaid balance at the rate of 4.25% per annum. Principal and interest shall be 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 is required to meet specific loan covenants related to debt service coverage and unrestricted liquidity. The Association was not in compliance with one of the covenants at May 31, 2016.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE F – LONG-TERM DEBT (CONTINUED)

Future maturities of long-term debt based on the amount outstanding as of May 31, 2016, are as follows:

2017	\$	57,459
2018		59,949
2019		62,547
2020		65,258
2021		68,086
Thereafter		<u>1,298,995</u>
	\$	<u><u>1,612,294</u></u>

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Seminars and education	\$ 925,970	1,434,081
Awards	909,200	1,018,500
Research	<u>15,274</u>	<u>15,274</u>
Temporarily restricted net assets	<u>\$ 1,850,444</u>	<u>2,467,855</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 May 31, 2016 and 2015.

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 \$86,612 and \$89,757 for the year ended May 31, 2016 and 2015, 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 Board of Directors of the Association has 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

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE J – ENDOWMENT (CONTINUED)

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 accumulated 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, provide consistent long-term income returns and protect the Association against long-term trends. 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.

The endowment net asset composition is as follows:

	<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>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total at May 31, 2015</u>
Donor-restricted endowment funds	\$ <u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>

During the year ended May 31, 2016, there were no changes to the endowment since the initial contribution was received.



**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, 2016 and 2015, and have issued our report thereon dated September 29, 2015, which expressed 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 17 through 19 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 29, 2015

SUPPLEMENTAL INFORMATION

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF FINANCIAL POSITION

	May 31, 2016				May 31, 2015
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
ASSETS					
Cash and cash equivalents	\$ 2,824,870	1,452,906	184,428	4,462,204	4,738,427
Certificates of deposit	1,453,154	100,000	-	1,553,154	1,702,232
Accounts receivable	500,055	-	-	500,055	602,129
Pledges receivable, net	1,813,714	-	-	1,813,714	2,432,177
Publications inventory	2,055	-	-	2,055	1,675
Prepays and other assets	322,943	5,845	-	328,788	284,978
Property and equipment, net	2,921,922	-	-	2,921,922	3,054,430
TOTAL ASSETS	\$ 9,838,713	1,558,751	184,428	11,581,892	12,816,048
Accounts payable and accrued expenses	\$ 699,421	9,259	1,530	710,210	452,141
Deferred revenue	2,034,288	190,671	-	2,224,959	1,966,617
Debt	1,612,294	-	-	1,612,294	1,666,192
Total liabilities	4,346,003	199,930	1,530	4,547,463	4,084,950
Net assets					
Unrestricted	3,669,593	1,237,494	176,898	5,083,985	6,163,243
Temporarily restricted	1,823,117	21,327	6,000	1,850,444	2,467,855
Permanently restricted	-	100,000	-	100,000	100,000
Total net assets	5,492,710	1,358,821	182,898	7,034,429	8,731,098
TOTAL LIABILITIES AND NET ASSETS	\$ 9,838,713	1,558,751	184,428	11,581,892	12,816,048

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF ACTIVITIES

	Year Ended May 31, 2016				Year Ended May 31, 2015
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Support and revenue					
Membership dues	\$ 1,281,009	233,030	-	1,514,039	1,515,271
FASB codification	218,285	-	-	218,285	228,783
Subscriptions	402,423	67,887	-	470,310	492,174
Advertising	322,914	-	-	322,914	280,063
Publications/aggregators	2,744,840	98,956	-	2,843,796	2,686,180
Contributions	289,936	140,349	1,962	432,247	2,601,304
Interest and dividend income	7,423	270	-	7,693	7,901
Annual meeting	1,768,174	84,724	-	1,852,898	1,781,243
Other revenue (primarily from programs and seminars)	667,049	651,240	17,247	1,335,536	1,325,063
Total support and revenue	7,702,053	1,276,456	19,209	8,997,718	10,917,982
Expenses					
Program services					
Annual meeting	2,092,662	109,074	65	2,201,801	1,699,932
Committees and awards	461,372	76,036	2,615	540,023	353,223
Conferences and consortia	1,181,902	7,512	22	1,189,436	996,346
Membership and subscriptions	952,826	38,282	114	991,222	831,660
Publications	1,625,511	151,771	98	1,777,380	1,667,304
Region support	163,769	5,570	8,944	178,283	180,745
Section support	308,014	1,027,769	26	1,335,809	1,206,562
Special events	19,126	27,345	-	46,471	51,631
Support services					
Management and general	2,376,829	56,970	163	2,433,962	2,495,370
Total expenses	9,182,011	1,500,329	12,047	10,694,387	9,482,773
Change in net assets	(1,479,958)	(223,873)	7,162	(1,696,669)	1,435,209
Net assets at beginning of year	6,972,668	1,582,694	175,736	8,731,098	7,295,889
Net assets at end of year	\$ 5,492,710	1,358,821	182,898	7,034,429	8,731,098

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF CASH FLOWS

	Year Ended May 31, 2016			Year Ended May 31, 2015
	General Fund	Section Funds	Region Funds	Total All Funds
Cash flows from operating activities				
Change in net assets	\$ (1,479,958)	(223,873)	7,162	1,435,209
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation	179,780	-	-	137,683
(Increase) decrease in				
Pledges receivable	618,463	-	-	(1,783,159)
Accounts receivable	102,074	-	-	73,388
Publications inventory	(380)	-	-	-
Prepays and other assets	(42,965)	(845)	-	(23,933)
Increase in				
Accounts payable and accrued expenses	247,280	9,259	1,530	(290,991)
Deferred revenue	213,954	44,388	-	45,659
Net cash provided (used) by operating activities	(161,752)	(171,071)	8,692	(406,144)
Cash flows from investing activities				
Purchase of land/building/equipment	(47,272)	-	-	(2,302,097)
Purchase of certificates of deposit	-	-	-	(1,701,900)
Maturities of certificates of deposit	149,078	-	-	1,800,202
Net cash provided (used) by investing activities	101,806	-	-	(2,203,795)
Cash flows from financing activities				
Issuance of long-term debt	-	-	-	1,680,000
Principal paid on long-term debt	(53,898)	-	-	(13,808)
Net cash provided (used) by investing activities	(53,898)	-	-	1,666,192
Net increase (decrease) in cash and cash equivalents	(113,844)	(171,071)	8,692	(943,747)
Cash and cash equivalents at beginning of year	2,938,714	1,623,977	175,736	5,682,174
Cash and cash equivalents at end of year	\$ 2,824,870	1,452,906	184,428	4,738,427

See independent auditor's report on supplementary information.