

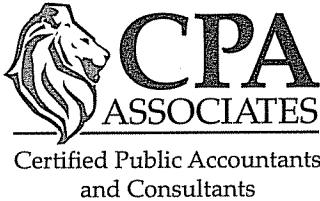
AMERICAN ACCOUNTING ASSOCIATION  
SARASOTA, FLORIDA

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION

Years Ended August 31, 2006 and 2005

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## INDEPENDENT AUDITOR'S REPORT

Executive Committee  
American Accounting Association  
Sarasota, Florida

We have audited the accompanying statements of financial position of the American Accounting Association (a not-for-profit organization) as of August 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 August 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*CPA Associates*

Bradenton, Florida  
November 3, 2006

AMERICAN ACCOUNTING ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
Years Ended August 31, 2006 and 2005

	August 31,	
	2006	2005
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,673,016	2,226,151
Designated cash and cash equivalents	756,713	409,101
Certificates of deposit	1,300,000	1,300,000
Accounts receivable	54,839	81,180
Designated accounts receivable	120,833	145,833
Interest receivable	13,013	5,525
Pledges receivable - net	770,173	595,433
Publications inventory	15,845	27,653
Prepays and other assets	191,461	23,509
Property and equipment, less accumulated depreciation	611,156	631,459
<b>TOTAL ASSETS</b>	<b>\$ 6,507,049</b>	<b>5,445,844</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 669,549	815,119
Deferred revenue - dues and subscriptions	875,792	749,623
Total liabilities	1,545,341	1,564,742
Net assets:		
Unrestricted:		
Undesignated	3,178,516	2,582,635
Board designated	877,546	554,934
Temporarily restricted	905,646	743,533
Total net assets	4,961,708	3,881,102
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,507,049</b>	<b>5,445,844</b>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION  
STATEMENT OF ACTIVITIES  
Year Ended August 31, 2006

	Unrestricted	Temporarily Restricted	Total 2006
Support and revenue:			
Membership dues	\$ 1,211,806	--	1,211,806
Subscriptions	754,635	--	754,635
Advertising	111,065	--	111,065
Publications/aggregators	498,615	--	498,615
Contributions	160,359	524,250	684,609
Interest and dividend income	138,019	--	138,019
Annual meeting	1,084,331	--	1,084,331
Other revenue (primarily from programs and seminars)	769,001	--	769,001
Net assets released from restrictions	362,137	( 362,137)	--
Total support and revenue	5,089,968	162,113	5,252,081
Expenses:			
Program services:			
Annual meeting	989,198	--	989,198
Committees and awards	128,484	--	128,484
Conferences and consortia	625,553	--	625,553
Memberships and subscriptions	108,315	--	108,315
Publications	800,684	--	800,684
Region support	213,593	--	213,593
Section support	660,777	--	660,777
Support services:			
Management and general	644,871	--	644,871
Total expenses	4,171,475	--	4,171,475
Change in net assets	918,493	162,113	1,080,606
Net assets at beginning of year	3,137,569	743,533	3,881,102
Net assets at end of year	<u>\$ 4,056,062</u>	<u>905,646</u>	<u>4,961,708</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION  
STATEMENT OF ACTIVITIES  
Year Ended August 31, 2005

	Unrestricted	Temporarily Restricted	Total 2005
Support and revenue:			
Membership dues	\$ 1,154,619	--	1,154,619
Subscriptions	686,296	--	686,296
Advertising	104,600	--	104,600
Publications	723,777	--	723,777
Contributions	44,434	45,857	90,291
Interest and dividend income	57,467	--	57,467
Annual meeting	1,142,735	--	1,142,735
Other revenue (primarily from programs and seminars)	742,195	--	742,195
Net assets released from restrictions	312,905	( 312,905)	--
Total support and revenue	4,969,028	( 267,048)	4,701,980
Expenses:			
Program services:			
Annual meeting	1,145,142	--	1,145,142
Committees and awards	159,589	--	159,589
Conferences and consortia	475,505	--	475,505
Memberships and subscriptions	113,111	--	113,111
Publications	725,344	--	725,344
Region support	188,454	--	188,454
Section support	702,345	--	702,345
Support services:			
Management and general	587,063	--	587,063
Total expenses	4,096,553	--	4,096,553
Change in net assets	872,475	( 267,048)	605,427
Net assets at beginning of year	2,265,094	1,010,581	3,275,675
Net assets at end of year	<u>\$ 3,137,569</u>	<u>743,533</u>	<u>3,881,102</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended August 31, 2006

	Program Services							Total Program Services	Management and General	Total Expenses
	Annual Meeting	Committees and Awards	Conferences and Consortia	Membership Subscriptions	Publications	Region Support	Section Support			
Salaries	\$ 121,294	16,923	12,321	52,539	82,916	21,172	129,012	436,177	271,902	708,079
Employee benefits	43,354	6,049	4,404	18,779	29,636	7,567	46,112	155,901	97,185	253,086
Payroll taxes	9,282	1,295	943	4,020	6,345	1,620	9,872	33,377	20,807	54,184
Staff training and development	942	131	96	408	644	164	1,002	3,387	2,112	5,499
<b>Total salaries and related expenses</b>	<b>174,872</b>	<b>24,398</b>	<b>17,764</b>	<b>75,746</b>	<b>119,541</b>	<b>30,523</b>	<b>185,998</b>	<b>628,842</b>	<b>392,006</b>	<b>1,020,848</b>
Awards and grants	5,814	48,806	108	--	--	--	--	54,728	--	54,728
AIS workshop	--	--	5,000	--	--	--	--	5,000	--	5,000
Bank and credit card fees	11,476	1,601	1,166	4,971	7,845	2,003	12,206	41,268	25,725	66,993
Dues and subscriptions	192	27	20	83	131	34	204	691	431	1,122
Equipment/software maintenance	3,421	477	347	1,482	2,338	597	3,638	12,300	7,668	19,968
Event coordinator expense	16,641	--	1,073	--	--	7,434	5,959	31,107	--	31,107
Grant	--	3,000	--	--	--	--	--	3,000	--	3,000
Hotel/food/beverage/audio visual	498,021	8,265	474,749	--	--	134,075	325,117	1,440,227	32,206	1,472,433
Insurance	1,431	159	294	3,194	8,630	199	1,214	15,121	22,722	37,843
Miscellaneous	10,649	5,539	7,898	911	29,486	1,328	16,372	72,183	21,236	93,419
Office maintenance	264	--	162	2,461	7,155	--	--	10,042	8,543	18,585
Postage	21,771	309	556	958	150,862	2,577	8,739	185,772	5,053	190,825
Printing/copying	60,242	10	2,033	30	216,270	5,955	9,891	294,431	157	294,588
Professional and temp fees	95,665	1,357	3,557	4,213	217,013	23,498	57,110	402,413	21,953	424,366
Publications	28	4	3	12	2,297	5	30	2,379	63	2,442
Registration/exhibitor	39,170	--	--	--	--	--	--	39,170	--	39,170
Speakers	8,751	--	1,000	--	--	688	13,393	23,832	--	23,832
Supplies	22,651	523	1,173	1,623	3,096	2,165	5,507	36,738	8,673	45,411
Taxes	270	--	166	2,517	7,320	--	--	10,273	13,846	24,119
Telephone/internet/web	2,971	404	294	1,255	3,524	506	3,083	12,037	6,497	18,534
Travel	14,053	33,605	107,671	983	2,273	2,006	12,316	172,907	50,745	223,652
Utilities	241	--	148	2,246	6,531	--	--	9,166	7,798	16,964
<b>Total expenses before depreciation</b>	<b>988,594</b>	<b>128,484</b>	<b>625,182</b>	<b>102,685</b>	<b>784,312</b>	<b>213,593</b>	<b>660,777</b>	<b>3,503,627</b>	<b>625,322</b>	<b>4,128,949</b>
Depreciation	604	--	371	5,630	16,372	--	--	22,977	19,549	42,526
<b>Total expenses</b>	<b>\$ 989,198</b>	<b>128,484</b>	<b>625,553</b>	<b>108,315</b>	<b>800,684</b>	<b>213,593</b>	<b>660,777</b>	<b>3,526,604</b>	<b>644,871</b>	<b>4,171,475</b>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended August 31, 2005

	Program Services							Total Program Services	Management and General	Total Expenses
	Annual Meeting	Committees and Awards	Conferences and Consortia	Membership Subscriptions	Publications	Region Support	Section Support			
Salaries	\$ 116,585	12,070	18,105	55,138	93,679	11,590	140,314	447,481	238,313	685,794
Employee benefits	44,083	4,564	6,846	20,849	35,422	4,382	53,055	169,201	90,111	259,312
Payroll taxes	9,194	952	1,428	4,348	7,388	914	11,065	35,289	18,793	54,082
Staff training and development	594	61	92	281	477	59	715	2,279	1,215	3,494
<b>Total salaries and related expenses</b>	<b>170,456</b>	<b>17,647</b>	<b>26,471</b>	<b>80,616</b>	<b>136,966</b>	<b>16,945</b>	<b>205,149</b>	<b>654,250</b>	<b>348,432</b>	<b>1,002,682</b>
Awards and grants	2,866	64,547	108	--	674	--	--	68,195	--	68,195
Bank and credit card fees	10,786	1,117	1,675	5,101	8,667	1,072	12,981	41,399	22,048	63,447
Dues and subscriptions	391	40	61	185	314	39	470	1,500	799	2,299
Equipment/software maintenance	2,937	304	456	1,389	2,360	292	3,534	11,272	6,003	17,275
Event coordinator expense	15,314	--	5,939	--	--	5,964	7,068	34,285	--	34,285
Hotel/food/beverage/audio visual	698,163	18,484	332,155	--	--	126,208	366,075	1,541,085	29,042	1,570,127
Insurance	1,815	164	389	2,921	7,588	157	1,904	14,938	21,358	36,296
Miscellaneous	3,467	236	2,212	1,082	10,046	3,027	15,372	35,442	21,241	56,683
Office maintenance	288	--	177	2,688	7,818	--	--	10,971	9,334	20,305
Postage	27,294	321	1,320	1,240	134,225	956	8,774	174,130	5,514	179,644
Printing/copying	41,883	16	7,204	73	218,932	5,566	6,924	280,598	317	280,915
Professional and temp fees	81,301	1,074	3,921	4,906	152,741	21,420	49,086	314,449	24,706	339,155
Publications	12	1	2	6	2,406	1	14	2,442	24	2,466
Registration/exhibitor	20,513	--	--	--	--	--	--	20,513	--	20,513
Speakers	25,759	--	1,000	--	--	4,586	10,374	41,719	--	41,719
Supplies	28,166	381	9,159	1,742	9,269	701	5,022	54,440	7,527	61,967
Taxes	240	--	148	2,242	6,519	--	--	9,149	15,863	25,012
Telephone/internet/web	2,269	228	341	1,040	2,716	219	2,646	9,459	4,494	13,953
Travel	10,447	55,029	82,291	650	3,081	1,301	6,952	159,751	45,259	205,010
Utilities	195	--	120	1,819	5,289	--	--	7,423	6,316	13,739
<b>Total expenses before depreciation</b>	<b>1,144,562</b>	<b>159,589</b>	<b>475,149</b>	<b>107,700</b>	<b>709,611</b>	<b>188,454</b>	<b>702,345</b>	<b>3,487,410</b>	<b>568,277</b>	<b>4,055,687</b>
Depreciation	580	--	356	5,411	15,733	--	--	22,080	18,786	40,866
<b>Total expenses</b>	<b>\$ 1,145,142</b>	<b>159,589</b>	<b>475,505</b>	<b>113,111</b>	<b>725,344</b>	<b>188,454</b>	<b>702,345</b>	<b>3,509,490</b>	<b>587,063</b>	<b>4,096,553</b>

See accompanying notes.



AMERICAN ACCOUNTING ASSOCIATION  
STATEMENT OF CASH FLOWS  
Year Ended August 31, 2006

	Unrestricted	Temporarily Restricted	Total
Cash flows from operating activities:			
Change in net assets	\$ 918,493	162,113	1,080,606
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	42,526	--	42,526
(Increase) decrease in:			
Pledges receivable	( 12,674)	( 162,066)	( 174,740)
Accounts receivable	51,341	--	51,341
Interest receivable	( 7,488)	--	( 7,488)
Publications inventory	11,808	--	11,808
Prepays and other assets	( 167,952)	--	( 167,952)
Increase (decrease) in:			
Accounts payable	( 145,570)	--	( 145,570)
Deferred revenue - dues and subscriptions	126,169	--	126,169
Net cash provided by operating activities	816,653	47	816,700
Cash flows from investing activities:			
Purchase of land/building/equipment	( 22,223)	--	( 22,223)
Maturities of certificates of deposit	1,200,000	--	1,200,000
Purchase of certificates of deposit	(1,200,000)	--	(1,200,000)
Net cash used by investing activities	( 22,223)	--	( 22,223)
Net increase in cash and cash equivalents	794,430	47	794,477
Cash and cash equivalents at beginning of year	2,495,437	139,815	2,635,252
Cash and cash equivalents at end of year	<u>\$ 3,289,867</u>	<u>139,862</u>	<u>3,429,729</u>
Cash and cash equivalents at end of year:			
Cash and cash equivalents			\$ 2,673,016
Designated cash and cash equivalents			756,713
			<u>3,429,729</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION  
STATEMENT OF CASH FLOWS  
Year Ended August 31, 2005

	Unrestricted	Temporarily Restricted	Total
Cash flows from operating activities:			
Change in net assets	\$ 872,475	( 267,048)	605,427
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	40,866	--	40,866
Uncollectible pledge and other adjustments	223	--	223
(Increase) decrease in:			
Pledges receivable	128,092	123,482	251,574
Accounts receivable	( 164,581)	--	( 164,581)
Interest receivable	( 4,045)	--	( 4,045)
Publications inventory	( 1,603)	--	( 1,603)
Prepays and other assets	( 5,134)	--	( 5,134)
Increase (decrease) in:			
Accounts payable	310,245	--	310,245
Deferred revenue - dues and subscriptions	25,862	--	25,862
Net cash provided (used) by operating activities	1,202,400	( 143,566)	1,058,834
Cash flows from investing activities:			
Purchase of land/building/equipment	( 29,580)	--	( 29,580)
Maturities of certificates of deposit	900,000	--	900,000
Purchase of certificates of deposit	(1,300,000)	--	( 1,300,000)
Net cash used by investing activities	( 429,580)	--	( 429,580)
Net increase (decrease) in cash and cash equivalents	772,820	( 143,566)	629,254
Cash and cash equivalents at beginning of year	1,722,617	283,381	2,005,998
Cash and cash equivalents at end of year	<u>\$ 2,495,437</u>	<u>139,815</u>	<u>2,635,252</u>
Cash and cash equivalents at end of year:			
Cash and cash equivalents			\$ 2,226,151
Designated cash and cash equivalents			409,101
			<u>2,635,252</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

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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.

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.

Designated Cash and Cash Equivalents and Designated Accounts Receivable: Revenue received under royalty contracts have been designated by the Board to cover expenses incurred related to the royalty contracts in future years. Designated cash and cash equivalents are considered cash and cash equivalents for statement of cash flows purposes.

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 August 31, 2006 and 2005, all accounts receivables are considered fully collectible.

Pledges Receivable: Promises to give are recorded at fair value if expected to be collected in one year and net realizable value if expected to be collected in more than one year. 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.

Prepaid Expenses: Prepaid expenses are advance payments for products or services that will be used in the organization's programs or activities. At August 31, the individual components are as follows:

	<u>2006</u>	<u>2005</u>
Software	\$ 100,330	--
Journal editor support	55,400	--
Marketing plan	20,000	--
Other	15,731	23,509
	<u>\$ 191,461</u>	<u>23,509</u>

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(Continued)

AMERICAN ACCOUNTING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 market value, if donated. 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 5 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.

Publication Revenue: Publication revenue is recognized when the related publications (books) are sold.

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.

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.

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(Continued)

AMERICAN ACCOUNTING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

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NOTE B – CASH AND CASH EQUIVALENTS

At August 31, cash and cash equivalents by managed fund groups consist of the following:

	2006	2005
General operations	\$ 1,216,015	855,160
Sections	1,227,815	1,161,323
Regions	229,186	209,668
	2,673,016	2,226,151
Designated cash and cash equivalents	756,713	409,101
Total cash and cash equivalents	\$ 3,429,729	2,635,252

The Association utilizes a cash management system, which automatically transfers the excess balance above a predetermined target level into an investment fund. This fund primarily consists of securities, which are guaranteed by the full faith and credit of the U. S. Government, and repurchase agreements collateralized by U. S. Government obligations.

NOTE C – CERTIFICATES OF DEPOSIT

At August 31, 2006 and 2005, the Association held 13 certificates of deposits in \$100,000 increments in separate banking institutions. Maturity dates on the certificates of deposits range in increments of 12 months and 13 months.

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 for 2006 and six percent for 2005, are due to be collected as follows:

	2006	2005
Pledges receivable - less than 1 year	\$ 333,000	263,112
Pledges receivable - 1 to 5 years	454,828	373,676
Discount on pledges receivable	(17,655)	(41,355)
Pledges receivable - net	\$ 770,173	595,433

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

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(Continued)

AMERICAN ACCOUNTING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

NOTE E – PROPERTY AND EQUIPMENT

At August 31, property and equipment consists of the following:

	<u>2006</u>	<u>2005</u>
Land	\$ 199,816	199,816
Land improvements	15,252	15,252
Building	602,879	602,879
Furniture and equipment	<u>514,011</u>	<u>536,223</u>
	1,331,958	1,354,170
Less accumulated depreciation	<u>(720,802)</u>	<u>(722,711)</u>
Property and equipment – net	<u>\$ 611,156</u>	<u>631,459</u>

Depreciation expense was \$42,526 and \$40,866 for the years ended August 31, 2006 and 2005, respectively.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

At August 31, temporarily restricted net assets are restricted for the following purposes:

	<u>2006</u>	<u>2005</u>
Seminars and education	\$ 716,674	530,686
Awards	16,865	37,740
Research	<u>172,107</u>	<u>175,107</u>
Temporarily restricted net assets	<u>\$ 905,646</u>	<u>743,533</u>

NOTE G – ROYALTY AGREEMENTS

In November 2004, the Association entered into two license agreements retroactive to January 1, 2004, which expire December 31, 2007. The license agreements allow the licensor the right to publish publications in electronic format. The agreements guarantee minimum payments to the Association of \$350,000 (in total) annually, which are payable each quarter. The revenue from these agreements has been designated by the Board to be used for related expenses in future years. The designated balance at August 31, was determined as follows:

	<u>2006</u>	<u>2005</u>
Beginning Balance	\$ 554,934	\$ --
Royalties received	350,000	580,794
Expenses incurred	<u>27,388</u>	<u>25,860</u>
Designated net assets	<u>\$ 877,546</u>	<u>\$ 554,934</u>

(Continued)

AMERICAN ACCOUNTING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

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NOTE H – EMPLOYEE BENEFIT PLAN

The Association has a defined contribution, money purchase pension plan that covers substantially all employees. Employer contributions to the plan are 7% of qualifying employees' compensation. The Association's contributions to the plan for 2006 and 2005 were \$39,178 and \$42,208, respectively. The Association also has adopted a 403(b) salary reduction plan for eligible employees. The Association has no obligation for employer contributions to this plan.

NOTE I – CONTRIBUTIONS

Total contributions received by the Association for 2006 and 2005, were \$1,146,314 and 592,066, respectively. Contributions are divided among the following categories on the Statement of Activities: Contributions, Annual meeting and Other revenue.

SUPPLEMENTAL INFORMATION





INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL INFORMATION

Executive Committee  
American Accounting Association  
Sarasota, Florida

Our report on our audit of the basic financial statements of the American Accounting Association for the years ended August 31, 2006 and 2005, appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules on pages 15 through 18 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*CPA Associates*

Bradenton, Florida  
November 3, 2006

AMERICAN ACCOUNTING ASSOCIATION  
SUPPORTING SCHEDULE OF THE  
STATEMENTS OF FINANCIAL POSITION

	August 31, 2006				August 31, 2005
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,216,015	1,227,815	229,186	<b>2,673,016</b>	2,226,151
Designated cash and cash equivalents	756,713	--	--	<b>756,713</b>	409,101
Certificates of deposit	1,300,000	--	--	<b>1,300,000</b>	1,300,000
Accounts receivable	54,839	--	--	<b>54,839</b>	81,180
Designated accounts receivable	120,833	--	--	<b>120,833</b>	145,833
Interest receivable	13,013	--	--	<b>13,013</b>	5,525
Pledges receivable - net	770,173	--	--	<b>770,173</b>	595,433
Publications inventory	15,845	--	--	<b>15,845</b>	27,653
Prepays and other assets	191,461	--	--	<b>191,461</b>	23,509
Property and equipment - net	611,156	--	--	<b>611,156</b>	631,459
<b>TOTAL ASSETS</b>	<b>\$ 5,050,048</b>	<b>1,227,815</b>	<b>229,186</b>	<b>6,507,049</b>	<b>5,445,844</b>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Accounts payable	\$ 669,549	--	--	<b>669,549</b>	815,119
Deferred revenue - dues and subscriptions	756,470	119,322	--	<b>875,792</b>	749,623
<b>Total liabilities</b>	<b>1,426,019</b>	<b>119,322</b>	<b>--</b>	<b>1,545,341</b>	<b>1,564,742</b>
Net assets:					
Unrestricted:					
Undesignated	1,852,702	1,102,628	223,186	<b>3,178,516</b>	2,582,635
Board designated	877,546	--	--	<b>877,546</b>	554,934
Temporarily restricted	893,781	5,865	6,000	<b>905,646</b>	743,533
<b>Total net assets</b>	<b>3,624,029</b>	<b>1,108,493</b>	<b>229,186</b>	<b>4,961,708</b>	<b>3,881,102</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,050,048</b>	<b>1,227,815</b>	<b>229,186</b>	<b>6,507,049</b>	<b>5,445,844</b>

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION  
SUPPORTING SCHEDULE OF THE  
STATEMENTS OF ACTIVITIES

	August 31, 2006			August 31, 2005	
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Support and revenue:					
Membership dues	\$ 1,005,752	206,054	--	1,211,806	1,154,619
Subscriptions	672,588	82,047	--	754,635	686,296
Advertising	108,490	2,575	--	111,065	104,600
Publications/aggregators	478,218	20,397	--	498,615	723,777
Contributions	671,011	13,598	--	684,609	90,291
Interest and dividend income	88,925	41,026	8,068	138,019	57,467
Annual meeting	1,078,707	5,624	--	1,084,331	1,142,735
Other revenue (primarily from programs and seminars)	230,610	357,413	180,978	769,001	742,195
Total support and revenue	4,334,301	728,734	189,046	5,252,081	4,701,980
Expenses:					
Program services:					
Annual meeting	947,087	41,493	618	989,198	1,145,142
Committees and awards	79,259	42,631	6,594	128,484	159,589
Conferences and consortia	623,639	1,851	63	625,553	475,505
Membership and subscriptions	100,155	7,892	268	108,315	113,111
Publications	671,148	129,113	423	800,684	725,344
Region support	55,892	3,180	154,521	213,593	188,454
Section support	254,509	405,613	655	660,777	702,345
Support services:					
Management and general	586,805	51,680	6,386	644,871	587,063
Total expenses	3,318,494	683,453	169,528	4,171,475	4,096,553
Change in net assets	1,015,807	45,281	19,518	1,080,606	605,427
Net assets at beginning of year	2,608,222	1,063,212	209,668	3,881,102	3,275,675
Net assets at end of year	\$ 3,624,029	1,108,493	229,186	4,961,708	3,881,102

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION  
SUPPORTING SCHEDULE OF THE  
STATEMENTS OF CASH FLOWS

	August 31, 2006			August 31, 2005
	General Fund	Section Funds	Region Funds	Total All Funds
Cash flows from operating activities:				Total All Funds
Change in net assets	\$ 1,015,807	45,281	19,518	1,080,606
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	42,526	--	--	42,526
Uncollectible pledges and other adjustments	--	--	--	223
(Increase) decrease in:				
Pledges receivable	( 174,740)	--	--	( 174,740)
Accounts receivable	51,341	--	--	51,341
Interest receivable	( 7,488)	--	--	( 7,488)
Publications inventory	11,808	--	--	11,808
Prepays and other assets	( 167,952)	--	--	( 167,952)
Increase (decrease) in:				
Accounts payable	( 145,570)	--	--	( 145,570)
Deferred revenue - dues and subscriptions	104,958	21,211	--	126,169
Net cash provided by operating activities	730,690	66,492	19,518	816,700
Cash flows from investing activities:				
Purchase of land/building/equipment	( 22,223)	--	--	( 22,223)
Purchase of certificates of deposit	( 1,200,000)	--	--	( 1,200,000)
Maturities of certificates of deposit	1,200,000	--	--	1,200,000
Net cash used by investing activities	( 22,223)	--	--	( 22,223)
Net increase in cash and cash equivalents	708,467	66,492	19,518	794,477
Cash and cash equivalents at beginning of year	1,264,261	1,161,323	209,668	2,635,252
Cash and cash equivalents at end of year	<u>\$ 1,972,728</u>	<u>1,227,815</u>	<u>229,186</u>	<u>3,429,729</u>
Cash and cash equivalents at end of year:				
Cash and cash equivalents	\$ 1,216,015	1,227,815	229,186	2,673,016
Designated cash and cash equivalents	756,713	--	--	756,713
	<u>1,972,728</u>	<u>1,227,815</u>	<u>229,186</u>	<u>3,429,729</u>

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION  
STATEMENT OF MAJOR CASH CONTRIBUTIONS RECEIVED  
YEAR ENDED AUGUST 31, 2006

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General fund:

Deloitte LLP/Foundation	\$ 326,459
Ernst & Young LLP/Foundation	140,000
PriceWaterhouseCoopers LLP/Foundation	10,000
MBNA	4,812

Section funds:

KPMG LLP/Foundation	51,000
American Institute of Certified Public Accountants	19,200
Ernst & Young LLP/Foundation	17,890
Florida International University	10,000
Institute of Management Accounting	6,607
Deloitte LLP/Foundation	6,000
Grant Thornton LLP	5,000
John Wiley	1,500
University of Baltimore	1,000

Region funds:

PriceWaterhouseCoopers LLP/Foundation	5,500
Deloitte LLP/Foundation	3,500
Ernst & Young LLP/Foundation	3,500
Duquesne University	2,500
KPMG LLP/Foundation	2,000
Portland State University	2,000
McGraw-Hill/Irwin	1,750
Cal State University	1,000
University of Reno	1,000