

AMERICAN ACCOUNTING ASSOCIATION
SARASOTA, FLORIDA

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Years Ended August 31, 2007 and 2006

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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, 2007 and 2006, 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, 2007 and 2006, 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
January 9, 2008

AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2007	2006
ASSETS		
Cash and cash equivalents	\$ 3,377,837	2,673,016
Designated cash and cash equivalents	971,204	756,713
Certificates of deposit	1,300,000	1,300,000
Accounts receivable	44,690	54,839
Designated accounts receivable	58,333	120,833
Interest receivable	14,848	13,013
Pledges receivable - net	609,761	770,173
Publications inventory	15,719	15,845
Prepays and other assets	24,822	191,461
Property and equipment, less accumulated depreciation	804,299	611,156
TOTAL ASSETS	<u>\$ 7,221,513</u>	<u>6,507,049</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,008,651	669,549
Deferred revenue - dues and subscriptions	849,507	875,792
Total liabilities	1,858,158	1,545,341
Net assets:		
Unrestricted:		
Undesignated	3,617,542	3,178,516
Board designated	1,029,537	877,546
Temporarily restricted	716,276	905,646
Total net assets	<u>5,363,355</u>	<u>4,961,708</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,221,513</u>	<u>6,507,049</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended August 31, 2007

	Unrestricted	Temporarily Restricted	Total 2007
Support and revenue:			
Membership dues	\$ 1,293,473	--	1,293,473
Subscriptions	834,369	--	834,369
Advertising	132,700	--	132,700
Publications/aggregators	534,960	--	534,960
Contributions	167,455	197,525	364,980
Interest and dividend income	204,670	--	204,670
Annual meeting	1,269,962	--	1,269,962
Other revenue (primarily from programs and seminars)	659,469	--	659,469
Net assets released from restrictions	386,895	(386,895)	--
Total support and revenue	5,483,953	(189,370)	5,294,583
Expenses:			
Program services:			
Annual meeting	1,345,999	--	1,345,999
Committees and awards	180,674	--	180,674
Conferences and consortia	571,057	--	571,057
Memberships and subscriptions	145,340	--	145,340
Publications	916,111	--	916,111
Region support	228,922	--	228,922
Section support	701,348	--	701,348
Support services:			
Management and general	803,485	--	803,485
Total expenses	4,892,936	--	4,892,936
Change in net assets	591,017	(189,370)	401,647
Net assets at beginning of year	4,056,062	905,646	4,961,708
Net assets at end of year	<u>\$ 4,647,079</u>	<u>716,276</u>	<u>5,363,355</u>

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	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	\$ 4,056,062	905,646	4,961,708

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2007

	Program Services							Total Program Services	Management and General	Total Expenses
	Annual Meeting	Committees and Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support			
Salaries	\$ 137,422	20,368	12,317	47,981	116,088	25,198	120,194	479,568	325,482	805,050
Employee benefits	46,537	6,897	4,171	16,249	39,313	8,533	40,703	162,403	110,223	272,626
Payroll taxes	11,117	1,648	996	3,881	9,391	2,038	9,723	38,794	26,329	65,123
Staff training and development	824	122	74	288	696	151	720	2,875	1,951	4,826
Total salaries and related expenses	195,900	29,035	17,558	68,399	165,488	35,920	171,340	683,640	463,985	1,147,625
Awards and grants	8,639	62,849	--	--	--	--	--	71,488	--	71,488
Bank and credit card fees	14,397	2,134	1,290	5,027	12,162	2,640	12,592	50,242	34,098	84,340
Dues and subscriptions	1,455	216	130	508	1,229	267	1,272	5,077	3,446	8,523
Equipment/software maintenance	3,414	506	306	1,192	2,884	626	2,986	11,914	8,087	20,001
Event coordinator expense	20,827	41	25	96	232	8,441	9,530	39,192	650	39,842
Grant	--	15,000	--	--	--	--	--	15,000	--	15,000
Hotel/food/beverage/audio visual	795,262	17,240	428,730	772	11,473	137,333	357,336	1,748,146	39,904	1,788,050
Insurance	1,263	141	276	3,223	9,208	175	834	15,120	24,980	40,100
Miscellaneous	9,592	8,812	2,275	38,238	14,390	903	15,065	89,275	25,065	114,340
Office maintenance	235	--	144	2,192	6,373	--	--	8,944	7,610	16,554
Postage	24,759	440	1,345	1,037	104,535	2,331	8,211	142,658	7,576	150,234
Printing/copying	67,260	5	2,517	11	197,324	1,684	14,110	282,911	2,300	285,211
Professional and temp fees	114,583	2,865	4,439	6,749	301,018	29,148	63,759	522,561	60,784	583,345
Publications	--	--	--	--	1,998	--	--	1,998	--	1,998
Registration/exhibitor	42,208	--	--	--	--	901	--	43,109	--	43,109
Supplies	26,683	738	1,446	1,739	4,955	2,813	10,340	48,714	12,050	60,764
Taxes	292	--	180	2,726	7,926	--	--	11,124	16,637	27,761
Telephone/internet/web	3,485	517	312	1,217	3,792	639	3,048	13,010	8,399	21,409
Travel	14,521	40,135	109,332	811	37,960	5,101	30,925	238,785	48,313	287,098
Utilities	260	--	160	2,413	7,022	--	--	9,855	8,388	18,243
Total expenses before depreciation	1,345,035	180,674	570,465	136,350	889,969	228,922	701,348	4,052,763	772,272	4,825,035
Depreciation	964	--	592	8,990	26,142	--	--	36,688	31,213	67,901
Total expenses	<u>\$ 1,345,999</u>	<u>180,674</u>	<u>571,057</u>	<u>145,340</u>	<u>916,111</u>	<u>228,922</u>	<u>701,348</u>	<u>4,089,451</u>	<u>803,485</u>	<u>4,892,936</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
Total salaries and related expenses	174,872	24,398	17,764	75,746	119,541	30,523	185,998	628,842	392,006	1,020,848
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
Total expenses before depreciation	988,594	128,484	625,182	102,685	784,312	213,593	660,777	3,503,627	625,322	4,128,949
Depreciation	604	--	371	5,630	16,372	--	--	22,977	19,549	42,526
Total expenses	<u>\$ 989,198</u>	<u>128,484</u>	<u>625,553</u>	<u>108,315</u>	<u>800,684</u>	<u>213,593</u>	<u>660,777</u>	<u>3,526,604</u>	<u>644,871</u>	<u>4,171,475</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended August 31, 2007

	Unrestricted	Temporarily Restricted	Total
Cash flows from operating activities:			
Change in net assets	\$ 591,017	(189,370)	401,647
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	67,901	--	67,901
(Increase) decrease in:			
Pledges receivable	(134,597)	295,009	160,412
Accounts receivable	72,649	--	72,649
Interest receivable	(1,835)	--	(1,835)
Publications inventory	126	--	126
Prepays and other assets	166,639	--	166,639
Increase (decrease) in:			
Accounts payable and accrued expenses	339,102	--	339,102
Deferred revenue - dues and subscriptions	(26,285)	--	(26,285)
Net cash provided by operating activities	1,074,717	105,639	1,180,356
Cash flows from investing activities:			
Purchase of land/building/equipment	(261,044)	--	(261,044)
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	(261,044)	--	(261,044)
Net increase in cash and cash equivalents	813,673	105,639	919,312
Cash and cash equivalents at beginning of year	3,289,867	139,862	3,429,729
Cash and cash equivalents at end of year	<u>\$ 4,103,540</u>	<u>245,501</u>	<u>4,349,041</u>
Cash and cash equivalents at end of year:			
Cash and cash equivalents		\$ 3,377,837	
Designated cash and cash equivalents		971,204	
		<u>\$ 4,349,041</u>	

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 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 and accrued expenses	(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 (decrease) 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
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.

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, 2007 and 2006, 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>2007</u>	<u>2006</u>
Software	\$ --	100,330
Journal editor support	--	55,400
Marketing plan	--	20,000
Other	<u>24,822</u>	<u>15,731</u>
	<u>\$ 24,822</u>	<u>191,461</u>

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

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 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.

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.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE B – CASH AND CASH EQUIVALENTS

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

	<u>2007</u>	<u>2006</u>
General operations	\$ 1,623,858	1,216,015
Sections	1,506,024	1,227,815
Regions	<u>247,955</u>	<u>229,186</u>
	3,377,837	2,673,016
Designated cash and cash equivalents	<u>971,204</u>	<u>756,713</u>
Total cash and cash equivalents	<u>\$ 4,349,041</u>	<u>3,429,729</u>

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, 2007 and 2006, 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, are due to be collected as follows:

	<u>2007</u>	<u>2006</u>
Pledges receivable - less than 1 year	\$ 409,582	333,000
Pledges receivable - 1 to 5 years	209,099	454,828
Discount on pledges receivable	<u>(8,920)</u>	<u>(17,655)</u>
Pledges receivable - net	<u>\$ 609,761</u>	<u>770,173</u>

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE D – PLEDGES RECEIVABLE (CONTINUED)

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

NOTE E – PROPERTY AND EQUIPMENT

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

	<u>2007</u>	<u>2006</u>
Land	\$ 199,816	199,816
Land improvements	15,252	15,252
Building	611,750	602,879
Furniture and equipment	249,404	249,404
Computers and software	<u>516,780</u>	<u>264,607</u>
	1,593,002	1,331,958
Less accumulated depreciation	<u>(788,703)</u>	<u>(720,802)</u>
Total property and equipment	<u><u>\$ 804,299</u></u>	<u><u>611,156</u></u>

Depreciation expense was \$67,901 and \$42,526 for the years ended August 31, 2007 and 2006, respectively.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2007</u>	<u>2006</u>
Seminars and education	\$ 509,124	716,674
Awards	50,045	16,865
Research	<u>157,107</u>	<u>172,107</u>
Temporarily restricted net assets	<u><u>\$ 716,276</u></u>	<u><u>905,646</u></u>

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

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>2007</u>	<u>2006</u>
Beginning balance	\$ 877,546	554,934
Royalties received	350,000	350,000
Expenses incurred	<u>(198,009)</u>	<u>(27,388)</u>
Designated net assets	<u>\$ 1,029,537</u>	<u>877,546</u>

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 2007 and 2006 were \$41,071 and \$39,178, 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 2007 and 2006, were \$883,985 and \$1,146,314, respectively. Contributions are divided among the following categories on the Statement of Activities: Contributions, Annual meeting and Other revenue.

NOTE J – NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements." SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE J – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

within those fiscal years, with early adoption permitted. The Association believes that FASB 157 will not have a material effect on the financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities, including not-for-profit organizations. Most of the provisions in Statement 159 are elective. The fair value option established by Statement 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years, with early adoption permitted. The Association believes that FASB 159 will not have a material effect on the financial position and results of operations.

In July 2006, FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109, was issued. FIN 48 clarifies and expands the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The new FASB standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The provisions of FIN 48 are originally effective for fiscal years beginning after December 15, 2006, however, the FASB delayed the effective date on November 7, 2007. The effective date had not been determined as of the date of the audit report. The Association is currently evaluating the effect that implementation of the new standard will have on its results of operations and financial position.

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, 2007 and 2006, 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
January 9, 2008

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF FINANCIAL POSITION

	August 31, 2007				August 31, 2006
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
ASSETS					
Cash and cash equivalents	\$ 1,623,858	1,506,024	247,955	3,377,837	2,673,016
Designated cash and cash equivalents	971,204	--	--	971,204	756,713
Certificates of deposit	1,300,000	--	--	1,300,000	1,300,000
Accounts receivable	44,690	--	--	44,690	54,839
Designated accounts receivable	58,333	--	--	58,333	120,833
Interest receivable	14,848	--	--	14,848	13,013
Pledges receivable - net	609,761	--	--	609,761	770,173
Publications inventory	15,719	--	--	15,719	15,845
Prepays and other assets	24,822	--	--	24,822	191,461
Property and equipment - net	804,299	--	--	804,299	611,156
TOTAL ASSETS	\$ 5,467,534	1,506,024	247,955	7,221,513	6,507,049
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,008,651	--	--	1,008,651	669,549
Deferred revenue - dues and subscriptions	729,807	119,700	--	849,507	875,792
Total liabilities	1,738,458	119,700	--	1,858,158	1,545,341
Net assets:					
Unrestricted:					
Undesignated	2,115,808	1,259,779	241,955	3,617,542	3,178,516
Board designated	1,029,537	--	--	1,029,537	877,546
Temporarily restricted	583,731	126,545	6,000	716,276	905,646
Total net assets	3,729,076	1,386,324	247,955	5,363,355	4,961,708
TOTAL LIABILITIES AND NET ASSETS	\$ 5,467,534	1,506,024	247,955	7,221,513	6,507,049

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF ACTIVITIES
Year Ended August 31

	2007			2006	
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Support and revenue:					
Membership dues	\$ 1,086,521	206,952	--	1,293,473	1,211,806
Subscriptions	708,871	125,498	--	834,369	754,635
Advertising	131,800	900	--	132,700	111,065
Publications/aggregators	501,644	33,316	--	534,960	498,615
Contributions	203,690	161,290	--	364,980	684,609
Interest and dividend income	136,234	56,635	11,801	204,670	138,019
Annual meeting	1,254,278	15,684	--	1,269,962	1,084,331
Other revenue (primarily from programs and seminars)	118,447	364,969	176,053	659,469	769,001
Total support and revenue	4,141,485	965,244	187,854	5,294,583	5,252,081
Expenses:					
Program services:					
Annual meeting	1,318,592	26,497	910	1,345,999	989,198
Committees and awards	114,335	59,172	7,167	180,674	128,484
Conferences and consortia	569,761	1,214	82	571,057	625,553
Membership and subscriptions	140,292	4,730	318	145,340	108,315
Publications	798,511	116,831	769	916,111	800,684
Region support	69,548	2,484	156,890	228,922	213,593
Section support	256,468	444,084	796	701,348	660,777
Support services:					
Management and general	768,931	32,401	2,153	803,485	644,871
Total expenses	4,036,438	687,413	169,085	4,892,936	4,171,475
Change in net assets	105,047	277,831	18,769	401,647	1,080,606
Net assets at beginning of year	3,624,029	1,108,493	229,186	4,961,708	3,881,102
Net assets at end of year	<u>\$ 3,729,076</u>	<u>1,386,324</u>	<u>247,955</u>	<u>5,363,355</u>	<u>4,961,708</u>

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF CASH FLOWS
Year Ended August 31

	2007				2006
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Cash flows from operating activities:					
Change in net assets	\$ 105,047	277,831	18,769	401,647	1,080,606
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	67,901	--	--	67,901	42,526
(Increase) decrease in:					
Pledges receivable	160,412	--	--	160,412	(174,740)
Accounts receivable	72,649	--	--	72,649	51,341
Interest receivable	(1,835)	--	--	(1,835)	(7,488)
Publications inventory	126	--	--	126	11,808
Prepays and other assets	166,639	--	--	166,639	(167,952)
Increase (decrease) in:					
Accounts payable and accrued expenses	339,102	--	--	339,102	(145,570)
Deferred revenue - dues and subscriptions	(26,663)	378	--	(26,285)	126,169
Net cash provided by operating activities	883,378	278,209	18,769	1,180,356	816,700
Cash flows from investing activities:					
Purchase of land/building/equipment	(261,044)	--	--	(261,044)	(22,223)
Purchase of certificates of deposit	(1,200,000)	--	--	(1,200,000)	(1,200,000)
Maturities of certificates of deposit	1,200,000	--	--	1,200,000	1,200,000
Net cash used by investing activities	(261,044)	--	--	(261,044)	(22,223)
Net increase in cash and cash equivalents	622,334	278,209	18,769	919,312	794,477
Cash and cash equivalents at beginning of year	1,972,728	1,227,815	229,186	3,429,729	2,635,252
Cash and cash equivalents at end of year	\$ 2,595,062	1,506,024	247,955	4,349,041	3,429,729
Cash and cash equivalents at end of year:					
Cash and cash equivalents	\$ 1,623,858	1,506,024	247,955	3,377,837	2,673,016
Designated cash and cash equivalents	971,204	--	--	971,204	756,713
	\$ 2,595,062	1,506,024	247,955	4,349,041	3,429,729

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF MAJOR CASH CONTRIBUTIONS RECEIVED
YEAR ENDED AUGUST 31, 2007

General fund:

Deloitte LLP/Foundation	\$ 334,148
Ernst & Young LLP/Foundation	145,915
PriceWaterhouseCoopers LLP/Foundation	10,000
McGraw-Hill	5,000
MBNA	4,039

Section funds:

KPMG LLP/Foundation	78,000
Institute of Management Accounting	27,168
American Institute of Certified Public Accountants	20,000
Deloitte LLP/Foundation	10,000
Grant Thornton LLP	5,000
PriceWaterhouseCoopers LLP/Foundation	1,048

Region funds:

Ohio Society of CPA's	7,377
JH Cohn LLP	3,700
John Wiley & Sons	3,500
California Society of CPA's	2,850
Deloitte LLP/Foundation	1,100
Crowe Chizek & Company	1,100