

**AMERICAN ACCOUNTING ASSOCIATION
SARASOTA, FLORIDA**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

Years Ended May 31, 2013 and 2012

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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, 2013 and 2012, 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, 2013 and 2012, 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
October 4, 2013

AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

	<u>May 31, 2013</u>	<u>May 31, 2012</u>
ASSETS		
Cash and cash equivalents	\$ 4,806,853	4,672,201
Certificates of deposit	1,800,000	1,700,000
Accounts receivable	900,266	402,301
Pledges receivable net	1,075,944	1,051,087
Publications inventory	2,280	5,986
Prepays and other assets	136,141	171,942
Property and equipment, net	<u>818,918</u>	<u>855,323</u>
TOTAL ASSETS	<u>\$ 9,540,402</u>	<u>8,858,840</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 547,975	404,978
Deferred revenue	<u>1,965,167</u>	<u>1,776,649</u>
Total liabilities	2,513,142	2,181,627
Net assets		
Unrestricted	5,790,682	5,447,803
Temporarily restricted	1,136,578	1,129,410
Permanently restricted	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>7,027,260</u>	<u>6,677,213</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,540,402</u>	<u>8,858,840</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended May 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Membership dues	\$ 1,490,313	-	-	1,490,313
FASB codification	146,438	-	-	146,438
Subscriptions	775,751	-	-	775,751
Advertising	228,085	-	-	228,085
Publications/aggregators	1,821,918	-	-	1,821,918
Contributions	214,250	375,628	-	589,878
Interest and dividend income	6,808	-	-	6,808
Annual meeting	1,740,026	-	-	1,740,026
Other revenue (primarily from programs and seminars)	1,174,720	-	-	1,174,720
Net assets released from restrictions	368,460	(368,460)	-	-
Total support and revenue	7,966,769	7,168	-	7,973,937
Expenses				
Program services				
Annual meeting	1,611,507	-	-	1,611,507
Committees and awards	253,555	-	-	253,555
Conferences and consortia	712,268	-	-	712,268
Memberships and subscriptions	800,484	-	-	800,484
Publications	1,365,021	-	-	1,365,021
Region support	259,840	-	-	259,840
Section support	963,652	-	-	963,652
Special events	45,332	-	-	45,332
Support services				
Management and general	1,612,231	-	-	1,612,231
Total expenses	7,623,890	-	-	7,623,890
Change in net assets	342,879	7,168	-	350,047
Net assets at beginning of year	5,447,803	1,129,410	100,000	6,677,213
Net assets at end of year	\$ 5,790,682	1,136,578	100,000	7,027,260

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended May 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Membership dues	\$ 1,503,462	-	-	1,503,462
FASB codification	150,308	-	-	150,308
Subscriptions	793,006	-	-	793,006
Advertising	176,821	-	-	176,821
Publications/aggregators	1,265,785	-	-	1,265,785
Contributions	210,975	557,958	100,000	868,933
Interest and dividend income	12,126	-	-	12,126
Annual meeting	1,695,382	-	-	1,695,382
Other revenue (primarily from programs and seminars)	1,073,237	-	-	1,073,237
Net assets released from restrictions	382,536	(382,536)	-	-
Total support and revenue	7,263,638	175,422	100,000	7,539,060
Expenses				
Program services				
Annual meeting	1,533,050	-	-	1,533,050
Committees and awards	397,131	-	-	397,131
Conferences and consortia	588,073	-	-	588,073
Memberships and subscriptions	696,730	-	-	696,730
Publications	1,343,528	-	-	1,343,528
Region support	227,226	-	-	227,226
Section support	889,662	-	-	889,662
Special events	45,998	-	-	45,998
Support services				
Management and general	1,474,609	-	-	1,474,609
Total expenses	7,196,007	-	-	7,196,007
Change in net assets	67,631	175,422	100,000	343,053
Net assets at beginning of year	5,380,172	953,988	-	6,334,160
Net assets at end of year	<u>\$ 5,447,803</u>	<u>1,129,410</u>	<u>100,000</u>	<u>6,677,213</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2013

	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	Special Events			
Salaries	\$ 193,846	37,617	50,959	389,396	237,560	49,102	102,689	-	1,061,169	490,374	1,551,543
Employee benefits	50,952	9,888	13,395	102,352	62,442	12,906	26,992	-	278,927	128,894	407,821
Payroll taxes	15,045	2,920	3,955	30,223	18,438	3,811	7,970	-	82,362	38,061	120,423
Other payroll	3,114	604	819	6,256	3,816	789	1,650	-	17,048	7,878	24,926
Training	244	47	64	491	299	62	129	-	1,336	618	1,954
Total salaries and related expenses	263,201	51,076	69,192	528,718	322,555	66,670	139,430	-	1,440,842	665,825	2,106,667
Awards and grants	12,159	73,531	1,015	10	6	6,392	25,721	-	118,834	3,551	122,385
Bank and credit card fees	57,972	1,025	9,004	57,705	15,943	1,338	3,447	1,388	147,822	13,454	161,276
Dues and subscriptions	1,546	300	406	3,106	1,895	392	819	-	8,464	3,911	12,375
Equipment/software maintenance	919	178	242	1,846	1,126	233	487	-	5,031	2,325	7,356
Event coordinator expense	63,869	1,655	3,575	17,129	10,450	12,914	28,722	-	138,314	25,993	164,307
Hotel/food/beverage/audio visual	775,550	26,317	433,153	210	128	119,346	586,422	15,479	1,956,605	253,115	2,209,720
Insurance	3,622	94	342	4,234	10,083	122	256	-	18,753	20,474	39,227
Information technology	11,844	2,876	3,071	23,469	19,853	3,047	6,189	-	70,349	32,810	103,159
Miscellaneous	37,188	8,253	4,543	14,735	621	4,468	11,549	-	81,357	(362)	80,995
Office maintenance	370	-	227	3,448	10,025	-	-	-	14,070	11,970	26,040
Postage	26,759	903	1,539	8,635	124,226	2,481	6,684	4,592	175,819	9,499	185,318
Publications pre-press	6,114	1,186	1,607	12,281	414,083	1,549	3,239	-	440,059	83,581	523,640
Printing/copying	38,134	18	2,277	2,411	148,281	4,287	15,838	41	211,287	27,987	239,274
Professional and temp fees	106,694	6,151	10,527	63,667	189,162	27,097	66,026	-	469,324	112,223	581,547
Registration/exhibitor/placements	104,110	3,088	1,570	916	559	116	242	2,226	112,827	4,154	116,981
Speakers	33,737	-	5,653	-	-	3,430	42,033	-	84,853	20,527	105,380
Supplies	14,505	542	2,816	8,414	4,775	714	1,946	21,567	55,279	7,830	63,109
Taxes	193	-	118	1,798	5,227	-	-	-	7,336	16,946	24,282
Telephone/internet/web	4,279	961	636	4,805	3,818	735	6,146	39	21,419	7,866	29,285
Travel	40,634	74,586	158,812	21,770	30,384	3,445	16,098	-	345,729	170,509	516,238
Utilities	242	-	149	2,261	6,574	-	-	-	9,226	7,850	17,076
Web services/web hosting	6,742	815	1,104	8,434	14,768	1,064	2,358	-	35,285	73,800	109,085
Total expenses before depreciation	1,610,383	253,555	711,578	790,002	1,334,542	259,840	963,652	45,332	5,968,884	1,575,838	7,544,722
Depreciation	1,124	-	690	10,482	30,479	-	-	-	42,775	36,393	79,168
Total expenses	<u>\$ 1,611,507</u>	<u>253,555</u>	<u>712,268</u>	<u>800,484</u>	<u>1,365,021</u>	<u>259,840</u>	<u>963,652</u>	<u>45,332</u>	<u>6,011,659</u>	<u>1,612,231</u>	<u>7,623,890</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2012

	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	Special Events			
Salaries	\$ 185,426	82,154	16,077	354,230	201,366	31,472	79,565	-	950,290	412,133	1,362,423
Employee benefits	47,649	21,112	4,132	91,026	51,745	8,087	20,446	-	244,197	105,906	350,103
Payroll taxes	15,657	6,937	1,358	29,911	17,003	2,658	6,718	-	80,242	34,801	115,043
Other payroll	3,225	1,429	280	6,162	3,503	547	1,384	-	16,530	7,169	23,699
Training	1,489	660	129	2,845	1,617	253	639	-	7,632	3,310	10,942
Total salaries and related expenses	253,446	112,292	21,976	484,174	275,234	43,017	108,752	-	1,298,891	563,319	1,862,210
Awards and grants	9,347	114,121	2	53	30	5	12	-	123,570	61	123,631
Bank and credit card fees	39,058	2,002	2,038	42,016	12,533	767	1,939	-	100,353	10,041	110,394
Dues and subscriptions	2,013	892	175	3,845	2,186	342	864	-	10,317	4,474	14,791
Equipment/software maintenance	933	414	81	1,783	1,014	158	401	-	4,784	2,075	6,859
Event coordinator expense	54,657	3,745	1,536	16,151	9,181	14,798	25,889	-	125,957	19,566	145,523
Hotel/food/beverage/audio visual	786,885	34,053	398,244	1,711	973	122,894	575,688	18,742	1,939,190	222,307	2,161,497
Insurance	3,611	210	256	4,177	10,026	80	203	-	18,563	20,245	38,808
Information technology	15,267	4,855	950	20,935	11,930	1,946	6,719	-	62,602	27,209	89,811
Miscellaneous	13,849	18,490	18	455	883	883	8,513	4,560	47,651	14,055	61,706
Office maintenance	343	-	211	3,202	9,311	-	-	-	13,067	11,117	24,184
Postage	26,936	547	623	8,240	137,659	2,275	5,371	-	181,651	6,944	188,595
Publications pre-press	8,216	3,484	683	15,021	426,059	1,335	3,427	-	458,225	81,397	539,622
Printing/copying	37,825	81	2,984	1,585	166,902	5,145	16,263	104	230,889	1,576	232,465
Professional and temp fees	88,760	8,312	3,913	35,839	178,402	18,514	50,428	-	384,168	128,306	512,474
Registration/exhibitor/placements	92,794	3,382	75	1,647	936	146	370	-	99,350	5,991	105,341
Speakers	38,953	-	4,425	-	-	10,392	62,438	6,000	122,208	-	122,208
Supplies	10,384	1,215	1,322	5,525	4,296	1,350	2,516	14,171	40,779	7,192	47,971
Taxes	179	-	110	1,671	4,860	-	-	-	6,820	12,706	19,526
Telephone/internet/web	3,986	2,309	265	5,826	5,068	693	5,798	36	23,981	8,582	32,563
Travel	31,991	84,982	146,768	18,993	24,437	1,818	11,910	2,385	323,284	192,215	515,499
Utilities	229	-	141	2,139	6,220	-	-	-	8,729	7,426	16,155
Web services/web hosting	11,863	1,745	341	7,523	14,043	668	2,161	-	38,344	78,437	116,781
Total expenses before depreciation	1,531,525	397,131	587,137	682,511	1,302,183	227,226	889,662	45,998	5,663,373	1,425,241	7,088,614
Depreciation	1,525	-	936	14,219	41,345	-	-	-	58,025	49,368	107,393
Total expenses	<u>\$ 1,533,050</u>	<u>397,131</u>	<u>588,073</u>	<u>696,730</u>	<u>1,343,528</u>	<u>227,226</u>	<u>889,662</u>	<u>45,998</u>	<u>5,721,398</u>	<u>1,474,609</u>	<u>7,196,007</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended May 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities				
Change in net assets	\$ 342,879	7,168	-	350,047
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	79,168	-	-	79,168
(Increase) decrease in				
Pledges receivable	(112,239)	87,382	-	(24,857)
Accounts receivable	(497,965)	-	-	(497,965)
Publications inventory	3,706	-	-	3,706
Prepays and other assets	35,801	-	-	35,801
Increase in				
Accounts payable and accrued expenses	142,997	-	-	142,997
Deferred revenue	188,518	-	-	188,518
Net cash provided by operating activities	182,865	94,550	-	277,415
Cash flows from investing activities				
Purchase of property and equipment	(42,763)	-	-	(42,763)
Purchase of certificates of deposit	(1,800,000)	-	-	(1,800,000)
Maturities of certificates of deposit	1,700,000	-	-	1,700,000
Net cash used by investing activities	(142,763)	-	-	(142,763)
Net increase in cash and cash equivalents	40,102	94,550	-	134,652
Cash and cash equivalents at beginning of year	4,425,101	147,100	100,000	4,672,201
Cash and cash equivalents at end of year	\$ 4,465,203	241,650	100,000	4,806,853

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended May 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities				
Change in net assets	\$ 67,631	175,422	100,000	343,053
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation	107,393	-	-	107,393
Contributions received for long-term purposes	-	-	(100,000)	(100,000)
(Increase) decrease in				
Pledges receivable	3,536	(193,387)	-	(189,851)
Accounts receivable	43,953	-	-	43,953
Publications inventory	502	-	-	502
Prepays and other assets	(55,454)	-	-	(55,454)
Increase in				
Accounts payable and accrued expenses	41,717	-	-	41,717
Deferred revenue	3,563	-	-	3,563
Net cash provided (used) by operating activities	212,841	(17,965)	-	194,876
Cash flows from investing activities				
Purchase of property and equipment	(83,559)	-	-	(83,559)
Purchase of certificates of deposit	(1,700,000)	-	-	(1,700,000)
Maturities of certificates of deposit	1,850,000	-	-	1,850,000
Net cash provided by investing activities	66,441	-	-	66,441
Cash flows from financing activities				
Contributions received for long-term purposes	-	-	100,000	100,000
Net cash provided by financing activities	-	-	100,000	100,000
Net increase (decrease) in cash and cash equivalents	279,282	(17,965)	100,000	361,317
Cash and cash equivalents at beginning of year	4,145,819	165,065	-	4,310,884
Cash and cash equivalents at end of year	\$ 4,425,101	147,100	100,000	4,672,201

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 3 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, 2013 and 2012, 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, 2013 and 2012, 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 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.

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 (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.

On September 1, 2009 (the effective date), the Association adopted the provisions of Accounting Standard Codification 740 related to accounting for uncertainty in income taxes. This provision requires all tax positions that meet a more-likely-than-not recognition threshold at the effective date be recognized (or continue to be recognized) upon adoption.

Management has reviewed their tax positions and concluded no liability or uncertain tax positions, or any interest or penalties related to uncertain tax positions, should be recognized in the Association's financial statements.

The Association files income tax returns in the U.S. and various states. With few exceptions, the Association's tax returns are subject to income tax examination by tax authorities for tax years ending consistent with the Association's 2010 fiscal year.

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 A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events: The Association has evaluated all subsequent events through October 4, 2013, the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

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

	<u>May 31, 2013</u>	<u>May 31, 2012</u>
General operations	\$ 2,588,576	2,649,114
Sections	2,008,617	1,783,121
Regions	<u>209,660</u>	<u>239,966</u>
Total cash and cash equivalents	<u>\$ 4,806,853</u>	<u>4,672,201</u>

Most of the Association's cash and cash equivalents are held in either accounts which are fully insured by the FDIC or in U. S. Government securities which are fully backed by the U. S. Government. As of May 31, 2013, the amount in excess of FDIC coverage was approximately \$1,262,000.

NOTE C – CERTIFICATES OF DEPOSIT

At May 31, 2013 and 2012, the Association held 14 and 13 certificates of deposits, respectively, in increments ranging from \$100,000 to \$250,000 in separate banking institutions. Maturity dates on the certificates of deposits range in increments of 11 months and 36 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, which ranges between .26% and 0.12%, are due to be collected as follows:

	<u>May 31, 2013</u>	<u>May 31, 2012</u>
Pledges receivable, less than 1 year	\$ 454,500	342,500
Pledges receivable, 1 to 5 years	622,381	709,763
Discount on pledges receivable	<u>(937)</u>	<u>(1,176)</u>
Pledges receivable, net	<u>\$ 1,075,944</u>	<u>1,051,087</u>

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

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>May 31, 2013</u>	<u>May 31, 2012</u>
Land	\$ 199,816	199,816
Land improvements	58,932	52,332
Building and improvements	787,274	787,274
Furniture and equipment	265,540	342,464
Computers and software	<u>684,159</u>	<u>694,341</u>
	1,995,721	2,076,227
Less accumulated depreciation	<u>(1,176,803)</u>	<u>(1,220,904)</u>
Total property and equipment	<u><u>\$ 818,918</u></u>	<u><u>855,323</u></u>

Depreciation expense was \$79,168 and \$107,393 for the year ended May 31, 2013 and 2012, respectively.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>May 31, 2013</u>	<u>May 31, 2012</u>
Seminars and education	\$ 1,072,003	1,055,226
Awards	32,000	41,429
Research	<u>32,575</u>	<u>32,755</u>
Temporarily restricted net assets	<u><u>\$ 1,136,578</u></u>	<u><u>1,129,410</u></u>

NOTE G – ROYALTY AGREEMENTS

The Association entered into two major license agreements, one of which expired on December 31, 2012. The other also expired on December 31, 2012, but was renewed to now expire December 31, 2018. These agreements guarantee payments to the Association annually and are payable on a quarterly basis.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE H – EMPLOYEE BENEFIT PLAN

The Association had a defined contribution, money purchase pension plan that covered substantially all employees that was converted to a 401(k) profit sharing plan (the “Plan”) effective January 1, 2009. Employer contributions to the Plan are 7% of qualifying employees' compensation. The Association's contributions to the Plan were \$99,278 and \$73,482 for the year ended May 31, 2013 and 2012, respectively. Employees may contribute to the 401(k) plan up to the maximum allowed by law.

NOTE I – CONTRIBUTIONS

Total contributions received by the Association were \$1,246,636 and \$1,545,097 for the year ended May 31, 2013 and 2012, respectively. Contributions are divided among the following categories on the statement of activities: contributions, annual meeting and other revenue.

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 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 inflation 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

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE J – ENDOWMENT (CONTINUED)

capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The endowment net asset composition is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total at May 31, 2013</u>
Donor-restricted endowment funds	\$ -	-	100,000	100,000
Board-designated endowment funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<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, 2012</u>
Donor-restricted endowment funds	\$ -	-	100,000	100,000
Board-designated endowment funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ -</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>

During the year ended May 31, 2013, there were no changes to the endowment since the initial contribution was received.

SUPPLEMENTAL INFORMATION

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

Board of Directors
American Accounting Association
Sarasota, Florida

We have audited the financial statements of the American Accounting Association as of and for the years ended May 31, 2013 and 2012, and have issued our report thereon dated October 4, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed 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
October 4, 2013

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF FINANCIAL POSITION

	May 31, 2013				May 31, 2012
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
ASSETS					
Cash and cash equivalents	\$ 2,588,576	2,008,617	209,660	4,806,853	4,672,201
Certificates of deposit	1,700,000	100,000	-	1,800,000	1,700,000
Accounts receivable	900,266	-	-	900,266	402,301
Pledges receivable, net	1,075,944	-	-	1,075,944	1,051,087
Publications inventory	2,280	-	-	2,280	5,986
Prepays and other assets	128,071	8,070	-	136,141	171,942
Property and equipment, net	818,918	-	-	818,918	855,323
TOTAL ASSETS	\$ 7,214,055	2,116,687	209,660	9,540,402	8,858,840
Liabilities					
Accounts payable and accrued expenses	\$ 547,975	-	-	547,975	404,978
Deferred revenue	1,775,668	189,499	-	1,965,167	1,776,649
Total liabilities	2,323,643	189,499	-	2,513,142	2,181,627
Net assets					
Unrestricted	4,117,261	1,469,761	203,660	5,790,682	5,447,803
Temporarily restricted	773,151	357,427	6,000	1,136,578	1,129,410
Permanently restricted	-	100,000	-	100,000	100,000
Total net assets	4,890,412	1,927,188	209,660	7,027,260	6,677,213
TOTAL LIABILITIES AND NET ASSETS	\$ 7,214,055	2,116,687	209,660	9,540,402	8,858,840

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF ACTIVITIES

	Year Ended May 31, 2013				Year Ended May 31, 2012
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Support and revenue					
Membership dues	\$ 1,267,794	222,519	-	1,490,313	1,503,462
FASB codification	146,438	-	-	146,438	150,308
Subscriptions	701,758	73,993	-	775,751	793,006
Advertising	227,385	700	-	228,085	176,821
Publications/aggregators	1,758,209	63,709	-	1,821,918	1,265,785
Contributions	260,240	329,638	-	589,878	868,933
Interest and dividend income	6,808	-	-	6,808	12,126
Annual meeting	1,641,631	97,942	453	1,740,026	1,695,382
Other revenue (primarily from programs and seminars)	385,278	667,407	122,035	1,174,720	1,073,237
Total support and revenue	6,395,541	1,455,908	122,488	7,973,937	7,539,060
Expenses					
Program services					
Annual meeting	1,506,374	104,642	491	1,611,507	1,533,050
Committees and awards	176,672	72,562	4,321	253,555	397,131
Conferences and consortia	707,601	4,538	129	712,268	588,073
Membership and subscriptions	764,826	34,673	985	800,484	696,730
Publications	1,245,469	118,951	601	1,365,021	1,343,528
Region support	103,502	4,372	151,966	259,840	227,226
Section support	225,813	737,579	260	963,652	889,662
Special events	29,531	15,801	-	45,332	45,998
Support services					
Management and general	1,562,813	47,877	1,541	1,612,231	1,474,609
Total expenses	6,322,601	1,140,995	160,294	7,623,890	7,196,007
Change in net assets	72,940	314,913	(37,806)	350,047	343,053
Net assets at beginning of year	4,817,472	1,612,275	247,466	6,677,213	6,334,160
Net assets at end of year	<u>\$ 4,890,412</u>	<u>1,927,188</u>	<u>209,660</u>	<u>7,027,260</u>	<u>6,677,213</u>

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF CASH FLOWS

	Year Ended May 31, 2013				Year Ended May 31, 2012
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Cash flows from operating activities					
Change in net assets	\$ 72,940	314,913	(37,806)	350,047	343,053
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities					
Depreciation	79,168	-	-	79,168	107,393
Contributions received for long-term purposes	-	-	-	-	(100,000)
(Increase) decrease in					
Pledges receivable	(24,857)	-	-	(24,857)	(189,851)
Accounts receivable	(497,965)	-	-	(497,965)	43,953
Publications inventory	3,706	-	-	3,706	502
Prepays and other assets	27,259	1,042	7,500	35,801	(55,454)
Increase in					
Accounts payable and accrued expenses	142,997	-	-	142,997	41,717
Deferred revenue	178,977	9,541	-	188,518	3,563
Net cash provided (used) by operating activities	(17,775)	325,496	(30,306)	277,415	194,876
Cash flows from investing activities					
Purchase of land/building/equipment	(42,763)	-	-	(42,763)	(83,559)
Purchase of certificates of deposit	(1,700,000)	(100,000)	-	(1,800,000)	(1,700,000)
Maturities of certificates of deposit	1,700,000	-	-	1,700,000	1,850,000
Net cash provided (used) by investing activities	(42,763)	(100,000)	-	(142,763)	66,441
Cash flows from financing activities					
Contributions received for long-term purposes	-	-	-	-	100,000
Net cash provided by financing activities	-	-	-	-	100,000
Net increase (decrease) in cash and cash equivalents	(60,538)	225,496	(30,306)	134,652	361,317
Cash and cash equivalents at beginning of year	2,649,114	1,783,121	239,966	4,672,201	4,310,884
Cash and cash equivalents at end of year	<u>\$ 2,588,576</u>	<u>2,008,617</u>	<u>209,660</u>	<u>4,806,853</u>	<u>4,672,201</u>

See independent auditor's report on supplementary information.