

**AMERICAN ACCOUNTING ASSOCIATION
SARASOTA, FLORIDA**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

May 31, 2015

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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, 2015 and 2014, 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Bradenton, Florida
September 19, 2015

AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

	<u>May 31, 2015</u>	<u>May 31, 2014</u>
ASSETS		
Cash and cash equivalents	\$ 4,738,427	5,682,174
Certificates of deposit	1,702,232	1,800,534
Accounts receivable	602,129	675,517
Pledges receivable, net	2,432,177	649,018
Publications inventory	1,675	1,675
Prepays and other assets	284,978	261,045
Property and equipment, net	<u>3,054,430</u>	<u>890,016</u>
TOTAL ASSETS	<u><u>\$ 12,816,048</u></u>	<u><u>9,959,979</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 452,141	743,132
Deferred revenue	1,966,617	1,920,958
Long Term Debt	<u>1,666,192</u>	<u>-</u>
Total liabilities	4,084,950	2,664,090
Net assets		
Unrestricted	6,163,243	6,502,042
Temporarily restricted	2,467,855	693,847
Permanently restricted	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>8,731,098</u>	<u>7,295,889</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 12,816,048</u></u>	<u><u>9,959,979</u></u>

See accompanying notes.

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

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

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
Year Ended May 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Membership dues	\$ 1,492,372	-	-	1,492,372
FASB codification	207,678	-	-	207,678
Subscriptions	650,011	-	-	650,011
Advertising	232,800	-	-	232,800
Publications/aggregators	2,659,708	-	-	2,659,708
Contributions	266,743	16,050	-	282,793
Interest and dividend income	6,801	-	-	6,801
Annual meeting	1,747,135	-	-	1,747,135
Other revenue (primarily from programs and seminars)	1,425,388	-	-	1,425,388
Net assets released from restrictions	458,781	(458,781)	-	-
Total support and revenue	9,147,417	(442,731)	-	8,704,686
Expenses				
Program services				
Annual meeting	1,690,545	-	-	1,690,545
Committees and awards	298,875	-	-	298,875
Conferences and consortia	829,811	-	-	829,811
Memberships and subscriptions	849,642	-	-	849,642
Publications	1,445,593	-	-	1,445,593
Region support	237,842	-	-	237,842
Section support	1,104,480	-	-	1,104,480
Special events	46,060	-	-	46,060
Support services				
Management and general	1,933,209	-	-	1,933,209
Total expenses	8,436,057	-	-	8,436,057
Change in net assets	711,360	(442,731)	-	268,629
Net assets at beginning of year	5,790,682	1,136,578	100,000	7,027,260
Net assets at end of year	<u>\$ 6,502,042</u>	<u>693,847</u>	<u>100,000</u>	<u>7,295,889</u>

See accompanying notes.

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

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

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2014

	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	\$ 209,808	65,582	69,103	413,871	235,317	62,199	98,712	-	1,154,592	466,528	1,621,120
Employee benefits	49,963	15,617	16,456	98,558	56,038	14,812	23,507	-	274,951	111,097	386,048
Payroll taxes	15,951	4,986	5,254	31,466	17,891	4,729	7,505	-	87,782	35,469	123,251
Other payroll	3,459	1,081	1,139	6,824	3,880	1,026	1,628	-	19,037	7,692	26,729
Training	1,217	381	401	2,399	2,587	360	571	-	7,916	2,705	10,621
Total salaries and related expenses	280,398	87,647	92,353	553,118	315,713	83,126	131,923	-	1,544,278	623,491	2,167,769
Awards and grants	11,822	72,640	474	-	-	3,763	20,672	-	109,371	3,088	112,459
Bank and credit card fees	56,659	1,929	6,935	61,030	16,191	1,829	3,587	977	149,137	17,588	166,725
Dues and subscriptions	2,205	739	726	4,349	2,473	654	1,037	-	12,183	4,902	17,085
Equipment/software maintenance	1,213	379	400	2,393	1,360	360	571	-	6,676	2,697	9,373
Event coordinator expense	27,877	1,304	2,522	8,227	4,678	7,499	30,077	-	82,184	18,238	100,422
Hotel/food/beverage/audio visual	863,678	34,601	527,958	-	-	61,684	671,798	20,225	2,179,944	324,872	2,504,816
Insurance	4,419	169	431	5,040	12,179	161	255	-	22,654	23,769	46,423
Information technology	14,154	4,749	4,609	27,606	21,845	4,176	9,514	-	86,653	35,474	122,127
Miscellaneous	20,034	11,459	2,963	2,394	1,801	360	7,834	7,121	53,966	28,297	82,263
Office maintenance	408	-	236	3,718	10,837	-	-	-	15,199	12,948	28,147
Postage	19,280	682	1,121	6,762	154,103	1,804	7,704	3,000	194,456	11,109	205,565
Publications pre-press	5,085	1,456	1,535	9,191	438,492	1,381	2,192	-	459,332	70,985	530,317
Printing/copying	39,896	52	3,066	3,348	159,895	2,273	18,457	228	227,215	18,704	245,919
Professional and temp fees	145,322	14,167	19,643	89,403	206,077	57,670	126,962	-	659,244	322,460	981,704
Registration/exhibitor/placements	82,291	3,134	1,637	845	480	127	202	1,539	90,255	1,953	92,208
Speakers	17,287	67	5,070	422	240	3,304	35,852	-	62,242	40,354	102,596
Supplies	36,974	1,927	6,168	15,730	7,373	1,813	4,678	8,877	83,540	14,584	98,124
Taxes	186	-	108	1,692	4,932	-	-	-	6,918	16,667	23,585
Telephone/internet/web	3,290	1,625	897	4,949	4,183	762	4,826	-	20,532	7,315	27,847
Travel	48,938	58,584	148,323	24,028	23,416	3,611	23,983	4,093	334,976	200,986	535,962
Utilities	261	-	150	2,382	6,942	-	-	-	9,735	8,294	18,029
Web services/web hosting	7,426	1,565	1,650	9,874	14,085	1,485	2,356	-	38,441	78,675	117,116
Total expenses before depreciation	1,689,103	298,875	828,975	836,501	1,407,295	237,842	1,104,480	46,060	6,449,131	1,887,450	8,336,581
Depreciation	1,442	-	836	13,141	38,298	-	-	-	53,717	45,759	99,476
Total expenses	<u>\$ 1,690,545</u>	<u>298,875</u>	<u>829,811</u>	<u>849,642</u>	<u>1,445,593</u>	<u>237,842</u>	<u>1,104,480</u>	<u>46,060</u>	<u>6,502,848</u>	<u>1,933,209</u>	<u>8,436,057</u>

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended May 31, 2015

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

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended May 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities				
Change in net assets	\$ 711,360	(442,731)	-	268,629
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	99,476	-	-	99,476
(Increase) decrease in				
Pledges receivable	(742)	427,668	-	426,926
Accounts receivable	224,749	-	-	224,749
Publications inventory	605	-	-	605
Prepays and other assets	(124,904)	-	-	(124,904)
Increase in				
Accounts payable and accrued expenses	195,157	-	-	195,157
Deferred revenue	(44,209)	-	-	(44,209)
Net cash provided by (used in) operating activities	1,061,492	(15,063)	-	1,046,429
Cash flows from investing activities				
Purchase of property and equipment	(170,574)	-	-	(170,574)
Purchase of certificates of deposit	(1,700,736)	-	-	(1,700,736)
Maturities of certificates of deposit	1,700,202	-	-	1,700,202
Net cash used by investing activities	(171,108)	-	-	(171,108)
Net increase (decrease) in cash and cash equivalents	890,384	(15,063)	-	875,321
Cash and cash equivalents at beginning of year	4,465,203	241,650	100,000	4,806,853
Cash and cash equivalents at end of year	\$ 5,355,587	226,587	100,000	5,682,174

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Accounts Receivable: The Association records accounts receivables at their net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. At May 31, 2015 and 2014, 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, 2015 and 2014, 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. The Association maintains a capitalization threshold of \$500. Depreciation of buildings and equipment is provided for using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of assets range from 3 to 10 years for furniture, fixtures and equipment; and 10 to 40 years for buildings and land improvements. Maintenance and repair costs are expensed as incurred.

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

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Publication Revenue: Publication revenue is recognized when the related publications (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.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for the years ended May 31, 2015 and 2014.

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 2012 fiscal year.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsequent Events: The Association has evaluated all subsequent events through September 19, 2015, 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, 2015</u>	<u>May 31, 2014</u>
General operations	\$ 2,938,714	3,659,320
Sections	1,623,977	1,843,776
Regions	<u>175,736</u>	<u>179,078</u>
 Total cash and cash equivalents	 <u><u>\$ 4,738,427</u></u>	 <u><u>5,682,174</u></u>

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

NOTE C – CERTIFICATES OF DEPOSIT

At May 31, 2015 and 2014, the Association held 13 certificates of deposits in increments ranging from \$100,000 to \$250,000 in separate banking institutions. Maturity dates on the certificates of deposits range in increments from 12 months up to 36 months.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE D – PLEDGES RECEIVABLE

Unconditional promises to give, net of the discount to present value using an interest rate equivalent to the current risk free rate at the time the promise is made, which ranges between .10% and 0.26%, are due to be collected as follows:

	<u>May 31, 2015</u>	<u>May 31, 2014</u>
Pledges receivable, less than 1 year	\$ 629,097	531,713
Pledges receivable, 1 to 5 years	1,805,153	117,499
Discount on pledges receivable	<u>(2,073)</u>	<u>(194)</u>
Pledges receivable, net	<u>\$ 2,432,177</u>	<u>649,018</u>

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

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>May 31, 2015</u>	<u>May 31, 2014</u>
Land	\$ 199,816	199,816
Land improvements	61,332	61,332
Building and improvements	3,030,651	862,463
Furniture and equipment	280,143	274,984
Computers and software	<u>877,324</u>	<u>748,575</u>
	4,449,266	2,147,170
Less accumulated depreciation	<u>(1,394,836)</u>	<u>(1,257,154)</u>
Total property and equipment	<u>\$ 3,054,430</u>	<u>890,016</u>

Depreciation expense was \$137,683 and \$99,476 for the year ended May 31, 2015 and 2014, respectively.

NOTE F – LONG-TERM DEBT

On February 24, 2015, the Association signed a mortgage agreement with Fifth Third Bank. The mortgage is for the Association's new office building under construction. The principal sum of the mortgage is \$1,680,000 together with interest on the unpaid balance at the rate of 4.25% per annum. Principal and interest shall be payable in 119 consecutive monthly installments of \$10,403 each. Debt is secured by the building and future assignment of rents should the Association enter into a lease contract on the existing property. The Association is required to meet specific loan covenants related to debt service coverage and unrestricted liquidity.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE F – LONG-TERM DEBT (CONTINUED)

Estimated future maturities of long-term debt based on the amount outstanding as of May 31, 2015, are as follows:

2016	\$	55,072
2017		57,459
2018		59,949
2019		62,547
2020		65,258
Thereafter		1,365,907
	\$	<u>1,666,192</u>

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>May 31, 2015</u>	<u>May 31, 2014</u>
Seminars and education	\$ 1,434,081	650,572
Awards	1,018,500	21,000
Research	<u>15,274</u>	<u>22,275</u>
Temporarily restricted net assets	<u>\$ 2,467,855</u>	<u>693,847</u>

NOTE H – ROYALTY AGREEMENTS

The Association has a major license agreement for a six year term that expires on December 31, 2018, and may be renewed thereafter. The agreement is for guaranteed minimum annual royalties of \$2,400,000, which are paid on a quarterly basis and are included in publications/aggregators revenue.

NOTE I – EMPLOYEE BENEFIT PLAN

The Association participates in a 401(k) employer defined contribution plan (the “Plan”). Employees who are at least 21 years old and who have met all eligibility requirements are eligible to participate. Employer contributions to the Plan are 7% of qualifying employees' compensation. The Association's contributions to the Plan were \$89,757 and \$89,789 for the year ended May 31, 2015 and 2014, respectively. Employees may contribute to the 401(k) plan up to the maximum allowed by law.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

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 both 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:

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total at May 31, 2014
Donor-restricted endowment funds	\$ -	-	100,000	100,000

During the year ended May 31, 2015, 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, 2015 and 2014, and have issued our report thereon dated September 19, 2015, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supporting schedules on pages 17 through 19 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mauldin & Jenkins, LLC

Bradenton, Florida
September 19, 2015

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF FINANCIAL POSITION

	May 31, 2015				May 31, 2014
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
ASSETS					
Cash and cash equivalents	\$ 2,938,714	1,623,977	175,736	4,738,427	5,682,174
Certificates of deposit	1,602,232	100,000	-	1,702,232	1,800,534
Accounts receivable	602,129	-	-	602,129	675,517
Pledges receivable, net	2,432,177	-	-	2,432,177	649,018
Publications inventory	1,675	-	-	1,675	1,675
Prepays and other assets	279,978	5,000	-	284,978	261,045
Property and equipment, net	3,054,430	-	-	3,054,430	890,016
TOTAL ASSETS	\$ 10,911,335	1,728,977	175,736	12,816,048	9,959,979
Accounts payable and accrued expenses	\$ 452,141	-	-	452,141	743,132
Deferred revenue	1,820,334	146,283	-	1,966,617	1,920,958
Debt	1,666,192	-	-	1,666,192	-
Total liabilities	3,938,667	146,283	-	4,084,950	2,664,090
Net assets					
Unrestricted	4,636,586	1,356,921	169,736	6,163,243	6,502,042
Temporarily restricted	2,336,082	125,773	6,000	2,467,855	693,847
Permanently restricted	-	100,000	-	100,000	100,000
Total net assets	6,972,668	1,582,694	175,736	8,731,098	7,295,889
TOTAL LIABILITIES AND NET ASSETS	\$ 10,911,335	1,728,977	175,736	12,816,048	9,959,979

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF ACTIVITIES

	Year Ended May 31, 2015				Year Ended May 31, 2014
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Support and revenue					
Membership dues	\$ 1,281,793	233,478	-	1,515,271	1,492,372
FASB codification	228,783	-	-	228,783	207,678
Subscriptions	422,340	69,834	-	492,174	650,011
Advertising	280,063	-	-	280,063	232,800
Publications/aggregators	2,651,123	35,057	-	2,686,180	2,659,708
Contributions	2,545,808	55,496	-	2,601,304	282,793
Interest and dividend income	7,251	650	-	7,901	6,801
Annual meeting	1,615,088	163,987	2,168	1,781,243	1,747,135
Other revenue (primarily from programs and seminars)	622,409	670,708	31,946	1,325,063	1,425,388
Total support and revenue	<u>9,654,658</u>	<u>1,229,210</u>	<u>34,114</u>	<u>10,917,982</u>	<u>8,704,686</u>
Expenses					
Program services					
Annual meeting	1,610,605	89,212	115	1,699,932	1,690,545
Committees and awards	259,301	90,677	3,245	353,223	298,875
Conferences and consortia	989,535	6,772	39	996,346	829,811
Membership and subscriptions	796,975	34,486	199	831,660	849,642
Publications	1,507,063	160,069	172	1,667,304	1,445,593
Region support	137,366	5,023	38,356	180,745	237,842
Section support	257,090	949,426	46	1,206,562	1,104,480
Special events	18,300	33,331	-	51,631	46,060
Support services					
Management and general	2,445,625	49,473	272	2,495,370	1,933,209
Total expenses	<u>8,021,860</u>	<u>1,418,469</u>	<u>42,444</u>	<u>9,482,773</u>	<u>8,436,057</u>
Change in net assets	1,632,798	(189,259)	(8,330)	1,435,209	268,629
Net assets at beginning of year	<u>5,339,870</u>	<u>1,771,953</u>	<u>184,066</u>	<u>7,295,889</u>	<u>7,027,260</u>
Net assets at end of year	<u>\$ 6,972,668</u>	<u>1,582,694</u>	<u>175,736</u>	<u>8,731,098</u>	<u>7,295,889</u>

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF CASH FLOWS

	Year Ended May 31, 2015				Year Ended May 31, 2014
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Cash flows from operating activities					
Change in net assets	\$ 1,632,798	(189,259)	(8,330)	1,435,209	268,629
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities					
Depreciation	137,683	-	-	137,683	99,476
(Increase) decrease in					
Pledges receivable	(1,783,159)	-	-	(1,783,159)	426,926
Accounts receivable	73,388	-	-	73,388	224,749
Publications inventory	-	-	-	-	605
Prepays and other assets	(41,306)	12,385	4,988	(23,933)	(124,904)
Increase in					
Accounts payable and accrued expenses	(290,991)	-	-	(290,991)	195,157
Deferred revenue	88,584	(42,925)	-	45,659	(44,209)
Net cash provided (used) by operating activities	(183,003)	(219,799)	(3,342)	(406,144)	1,046,429
Cash flows from investing activities					
Purchase of land/building/equipment	(2,302,097)	-	-	(2,302,097)	(170,574)
Purchase of certificates of deposit	(1,601,900)	(100,000)	-	(1,701,900)	(1,700,736)
Maturities of certificates of deposit	1,700,202	100,000	-	1,800,202	1,700,202
Net cash used by investing activities	(2,203,795)	-	-	(2,203,795)	(171,108)
Cash flows from financing activities					
Issuance of long-term debt	1,680,000	-	-	1,680,000	1,700,202
Principal paid on long-term debt	(13,808)	-	-	(13,808)	1,700,202
Net cash provided by investing activities	1,666,192	-	-	1,666,192	3,400,404
Net increase (decrease) in cash and cash equivalents	(720,606)	(219,799)	(3,342)	(943,747)	875,321
Cash and cash equivalents at beginning of year	3,659,320	1,843,776	179,078	5,682,174	4,806,853
Cash and cash equivalents at end of year	\$ 2,938,714	1,623,977	175,736	4,738,427	5,682,174

See independent auditor's report on supplementary information.