

**AMERICAN ACCOUNTING ASSOCIATION
LAKEWOOD RANCH, FLORIDA**

FINANCIAL STATEMENTS

MAY 31, 2022

**AMERICAN ACCOUNTING ASSOCIATION
FINANCIAL STATEMENTS
MAY 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
American Accounting Association
Lakewood Ranch, Florida

Opinion

We have audited the accompanying financial statements of American Accounting Association (a nonprofit organization), which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Accounting Association as of May 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Accounting Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Accounting Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Accounting Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Accounting Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mauldin & Jenkins, LLC

Bradenton, Florida
September 26, 2022

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 7,020,563	\$ 5,895,272
Certificates of deposit	1,949,000	1,949,000
Accounts receivable	468,536	513,985
Pledges receivable, net	1,036,963	1,298,569
Publications inventory	2,673	2,673
Prepays and other assets	436,213	270,064
Property and equipment, net	2,554,801	2,512,401
TOTAL ASSETS	\$ 13,468,749	\$ 12,441,964
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 2,616,218	\$ 2,275,247
PPP loan	-	528,520
Long-term debt	1,254,830	1,320,693
Total liabilities	3,871,048	4,124,460
Net assets		
Without donor restrictions	7,875,906	6,353,082
With donor restrictions		
Time and purpose	1,615,795	1,858,422
Perpetual	106,000	106,000
Total net assets	9,597,701	8,317,504
TOTAL LIABILITIES AND NET ASSETS	\$ 13,468,749	\$ 12,441,964

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2022**

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Support and revenue				
Membership dues	\$ 2,071,736	\$ -	\$ -	\$ 2,071,736
FASB codification	191,062	-	-	191,062
Subscriptions	338,622	-	-	338,622
Advertising	31,255	-	-	31,255
Publications/aggregators	2,992,976	-	-	2,992,976
Contributions	1,020,278	143,212	-	1,163,490
Interest and dividend income	11,707	-	-	11,707
Annual meeting	494,771	-	-	494,771
Other revenue (primarily from programs and seminars)	1,313,855	-	-	1,313,855
Net assets released from restrictions	385,839	(385,839)	-	-
Total support and revenue	<u>8,852,101</u>	<u>(242,627)</u>	<u>-</u>	<u>8,609,474</u>
Expenses				
Program services				
Annual meeting	831,698	-	-	831,698
Committees and awards	305,811	-	-	305,811
Conferences and consortia	953,765	-	-	953,765
Memberships and subscriptions	558,587	-	-	558,587
Publications	1,169,763	-	-	1,169,763
Region support	188,586	-	-	188,586
Section support	1,635,623	-	-	1,635,623
Special programs	88,931	-	-	88,931
Total program services	<u>5,732,764</u>	<u>-</u>	<u>-</u>	<u>5,732,764</u>
Support services				
Management and general	1,596,513	-	-	1,596,513
Total expenses	<u>7,329,277</u>	<u>-</u>	<u>-</u>	<u>7,329,277</u>
Change in net assets	1,522,824	(242,627)	-	1,280,197
Net assets at beginning of year	<u>6,353,082</u>	<u>1,858,422</u>	<u>106,000</u>	<u>8,317,504</u>
Net assets at end of year	<u>\$ 7,875,906</u>	<u>\$ 1,615,795</u>	<u>\$ 106,000</u>	<u>\$ 9,597,701</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021**

	Without Donor Unrestricted	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Support and revenue				
Membership dues	\$ 2,068,785	\$ -	\$ -	\$ 2,068,785
FASB codification	198,500	-	-	198,500
Subscriptions	355,767	-	-	355,767
Advertising	21,221	-	-	21,221
Publications/aggregators	3,139,251	-	-	3,139,251
Contributions	694,022	150,092	6,000	850,114
Interest and dividend income	17,687	-	-	17,687
Annual meeting	541,910	-	-	541,910
Other revenue (primarily from programs and seminars)	343,549	-	-	343,549
Net assets released from restrictions	270,880	(270,880)	-	-
Total support and revenue	7,651,572	(120,788)	6,000	7,536,784
Expenses				
Program services				
Annual meeting	866,049	-	-	866,049
Committees and awards	273,575	-	-	273,575
Conferences and consortia	311,668	-	-	311,668
Memberships and subscriptions	470,792	-	-	470,792
Publications	1,148,359	-	-	1,148,359
Region support	199,644	-	-	199,644
Section support	1,055,407	-	-	1,055,407
Special programs	92,507	-	-	92,507
Total program services	4,418,001	-	-	4,418,001
Support services				
Management and general	1,563,420	-	-	1,563,420
Total expenses	5,981,421	-	-	5,981,421
Change in net assets	1,670,151	(120,788)	6,000	1,555,363
Net assets at beginning of year, before change in accounting principal	4,682,931	1,979,210	100,000	6,762,141
Net assets at end of year, after change in accounting principal	\$ 6,353,082	\$ 1,858,422	\$ 106,000	\$ 8,317,504

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2022**

	Program Services									Management and General	Total Expenses
	Annual Meeting	Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support	Special Programs	Total Program Services		
Salaries	\$ 400,537	\$ 106,025	\$ 150,556	\$ 313,835	\$ 172,026	\$ 121,346	\$ 592,947	\$ 57,784	\$ 1,915,056	\$ 735,577	\$ 2,650,633
Employee benefits	105,847	28,019	39,786	82,935	45,460	32,067	156,694	15,270	506,078	194,386	700,464
Payroll taxes	29,657	7,851	11,148	23,238	12,738	8,985	43,904	4,279	141,800	54,465	196,265
Other payroll	6,042	1,599	2,271	4,734	2,595	1,831	8,945	872	28,889	11,096	39,985
Training and recruitment	1,021	270	384	800	4,134	309	1,512	147	8,577	1,876	10,453
Total salaries and related expenses	<u>543,104</u>	<u>143,764</u>	<u>204,145</u>	<u>425,542</u>	<u>236,953</u>	<u>164,538</u>	<u>804,002</u>	<u>78,352</u>	<u>2,600,400</u>	<u>997,400</u>	<u>3,597,800</u>
Awards and grants	56,892	106,024	512	12	1,546	54	34,897	2	199,939	799	200,738
Bank and credit card fees	16,164	1,256	12,708	55,650	12,955	897	25,060	427	125,117	8,487	133,604
Dues and subscriptions	2,456	650	923	1,925	1,803	744	3,637	354	12,492	4,511	17,003
Equipment/software maintenance	998	264	375	782	429	302	1,478	144	4,772	1,833	6,605
Event coordinator expense	-	-	7,456	-	-	-	26,573	-	34,029	2,832	36,861
Hotel/food/beverage/audio visual	33,732	14,836	607,928	5,931	2,093	920	588,277	438	1,254,155	182,686	1,436,841
Insurance	6,887	1,245	3,158	3,719	5,872	674	2,662	199	24,416	38,669	63,085
Information technology	29,070	7,270	10,557	21,518	11,803	8,320	40,656	3,962	133,156	51,325	184,481
Miscellaneous	6,991	1,851	3,178	6,878	8,977	2,118	20,345	1,009	51,347	38,330	89,677
Office maintenance	2,246	749	2,246	2,246	4,493	218	530	-	12,728	20,966	33,694
Postage	3,985	1,319	882	420	74,542	265	7,019	77	88,509	1,385	89,894
Publications pre-press	4,562	1,136	2,041	3,363	569,637	1,300	7,253	619	589,911	16,825	606,736
Printing/copying	152	61	1,169	91	99,544	35	584	17	101,653	274	101,927
Professional and temp fees	70,036	1,759	2,498	5,207	98,309	2,013	9,838	959	190,619	54,686	245,305
Registration/exhibitor/placements	1,855	491	5,213	1,453	797	562	2,746	268	13,385	3,406	16,791
Speakers	20,400	-	500	-	-	-	19,710	-	40,610	-	40,610
Supplies	4,885	988	2,709	2,924	1,603	1,130	5,524	538	20,301	6,863	27,164
Taxes	502	168	502	502	1,005	49	119	-	2,847	4,690	7,537
Telephone/internet/web	5,387	883	5,207	2,386	1,308	923	14,759	439	31,292	5,593	36,885
Travel	3,907	15,833	66,107	2,298	2,805	888	9,919	423	102,180	34,759	136,939
Utilities	1,401	467	1,401	1,401	2,802	136	331	-	7,939	13,077	21,016
Web services/web hosting	5,569	1,291	1,833	3,822	9,453	1,478	7,221	704	31,371	8,958	40,329
Total expenses before depreciation	<u>821,181</u>	<u>302,305</u>	<u>943,248</u>	<u>548,070</u>	<u>1,148,729</u>	<u>187,564</u>	<u>1,633,140</u>	<u>88,931</u>	<u>5,673,168</u>	<u>1,498,354</u>	<u>7,171,522</u>
Depreciation	10,517	3,506	10,517	10,517	21,034	1,022	2,483	-	59,596	98,159	157,755
Total expenses	<u>\$ 831,698</u>	<u>\$ 305,811</u>	<u>\$ 953,765</u>	<u>\$ 558,587</u>	<u>\$ 1,169,763</u>	<u>\$ 188,586</u>	<u>\$ 1,635,623</u>	<u>\$ 88,931</u>	<u>\$ 5,732,764</u>	<u>\$ 1,596,513</u>	<u>\$ 7,329,277</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2021**

	Program Services									Management and General	Total Expenses
	Annual Meeting	Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support	Special Programs	Total Program Services		
Salaries	\$ 335,272	\$ 101,291	\$ 182,323	\$ 246,136	\$ 131,424	\$ 126,866	\$ 564,441	\$ 59,255	\$ 1,747,008	\$ 785,255	\$ 2,532,263
Employee benefits	93,525	28,255	50,859	68,660	36,661	35,390	157,452	16,529	487,331	219,048	706,379
Payroll taxes	24,370	7,363	13,253	17,891	9,553	9,222	41,028	4,307	126,987	57,078	184,065
Other payroll	4,160	1,257	2,262	3,054	1,631	1,574	7,004	735	21,677	9,744	31,421
Training and recruitment	1,774	536	965	1,302	2,201	671	2,987	314	10,750	4,204	14,954
Total salaries and related expenses	459,101	138,702	249,662	337,043	181,470	173,723	772,912	81,140	2,393,753	1,075,329	3,469,082
Awards and grants	45,077	107,403	548	32	217	17	40,342	8	193,644	194	193,838
Bank and credit card fees	17,899	1,640	6,488	72,214	14,936	1,044	9,533	488	124,242	8,569	132,811
Dues and subscriptions	1,719	519	935	1,262	907	651	2,894	304	9,191	4,026	13,217
Equipment/software maintenance	875	264	476	642	343	331	1,473	155	4,559	2,049	6,608
Event coordinator expense	9,359	320	576	778	415	401	1,783	187	13,819	2,481	16,300
Hotel/food/beverage/audio visual	220,904	100	2,343	243	430	125	109,603	58	333,806	43,328	377,134
Insurance	5,646	1,135	3,011	3,218	5,263	647	2,406	193	21,519	35,805	57,324
Information technology	24,929	8,283	14,599	18,303	9,774	9,435	41,969	4,406	131,698	58,390	190,088
Miscellaneous	13,659	3,430	5,544	7,555	9,749	3,858	24,154	1,803	69,752	48,879	118,631
Office maintenance	4,414	883	2,649	2,649	5,297	258	625	-	16,775	24,721	41,496
Postage	3,881	538	184	248	89,445	128	3,482	60	97,966	855	98,821
Publications pre-press	2,956	792	1,568	1,925	555,064	992	5,139	463	568,899	43,158	612,057
Printing/copying	24	7	13	17	132,558	9	40	4	132,672	55	132,727
Professional and temp fees	10,535	3,183	5,729	7,734	96,260	3,987	17,736	1,862	147,026	85,669	232,695
Registration/exhibitor/placements	10,397	55	99	134	1,572	69	308	32	12,666	1,232	13,898
Speakers	9,000	-	-	-	-	-	5,400	-	14,400	-	14,400
Supplies	1,287	303	842	737	393	380	1,690	177	5,809	2,411	8,220
Taxes	500	167	500	500	1,000	49	118	-	2,834	7,668	10,502
Telephone/internet/web	1,897	763	928	1,253	672	646	3,028	302	9,489	4,174	13,663
Travel	2,367	70	1,657	76	243	39	175	18	4,645	1,249	5,894
Utilities	1,162	387	1,162	1,162	2,324	113	274	-	6,584	10,840	17,424
Web services/web hosting	8,912	1,448	2,606	3,518	20,929	1,814	8,068	847	48,142	13,214	61,356
Total expenses before depreciation	856,500	270,392	302,119	461,243	1,129,261	198,716	1,053,152	92,507	4,363,890	1,474,296	5,838,186
Depreciation	9,549	3,183	9,549	9,549	19,098	928	2,255	-	54,111	89,124	143,235
Total expenses	\$ 866,049	\$ 273,575	\$ 311,668	\$ 470,792	\$ 1,148,359	\$ 199,644	\$ 1,055,407	\$ 92,507	\$ 4,418,001	\$ 1,563,420	\$ 5,981,421

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2022**

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Cash flows from operating activities				
Change in net assets	\$ 1,522,824	\$ (242,627)	\$ -	\$ 1,280,197
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	157,755	-	-	157,755
Amortization	1,930	-	-	1,930
PPP loan forgiveness	(528,520)	-	-	(528,520)
Loss on disposal of equipment	928	-	-	928
(Increase) decrease in:				
Pledges receivable	-	261,606	-	261,606
Accounts receivable	45,449	-	-	45,449
Prepays and other assets	(166,149)	-	-	(166,149)
Increase in:				
Accounts payable and accrued expenses	340,971	-	-	340,971
Net cash provided by operating activities	<u>1,375,188</u>	<u>18,979</u>	<u>-</u>	<u>1,394,167</u>
Cash flows from investing activities				
Purchase of property and equipment	(201,083)	-	-	(201,083)
Purchase of certificates of deposit	(250,000)	-	-	(250,000)
Maturities of certificates of deposit	250,000	-	-	250,000
Net cash (used in) investing activities	<u>(201,083)</u>	<u>-</u>	<u>-</u>	<u>(201,083)</u>
Cash flows from financing activities				
Principal paid on long-term debt	(67,793)	-	-	(67,793)
Net cash (used in) investing activities	<u>(67,793)</u>	<u>-</u>	<u>-</u>	<u>(67,793)</u>
Net increase in cash and cash equivalents	1,106,312	18,979	-	1,125,291
Cash and cash equivalents at beginning of year	<u>5,407,155</u>	<u>388,117</u>	<u>100,000</u>	<u>5,895,272</u>
Cash and cash equivalents at end of year	<u>\$ 6,513,467</u>	<u>\$ 407,096</u>	<u>\$ 100,000</u>	<u>\$ 7,020,563</u>
Supplemental disclosure of cash flow information				
Cash paid for interest				<u>\$ 48,189</u>
Cash paid for income taxes				<u>\$ -</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2021**

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Cash flows from operating activities				
Change in net assets	\$ 1,670,151	\$ (120,788)	\$ 6,000	\$ 1,555,363
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	143,235	-	-	143,235
PPP loan forgiveness	(538,300)	-	-	(538,300)
Proceeds from PPP loan	528,520	-	-	528,520
Contributions received for long-term purposes	-	-	(6,000)	(6,000)
(Increase) decrease in:				
Pledges receivable	-	142,160	-	142,160
Accounts receivable	(43,711)	-	-	(43,711)
Publications inventory	101	-	-	101
Prepays and other assets	(84,335)	-	-	(84,335)
Increase in:				
Accounts payable and accrued expenses	245,185	-	-	245,185
Net cash provided by operating activities	<u>1,920,846</u>	<u>21,372</u>	<u>-</u>	<u>1,942,218</u>
Cash flows from investing activities				
Proceeds from long-term debt	(160,738)	-	-	(160,738)
Purchase of certificates of deposit	(576,000)	(467,000)	(6,000)	(1,049,000)
Maturities of certificates of deposit	576,333	452,000	-	1,028,333
Net cash provided by (used in) investing activities	<u>(160,405)</u>	<u>(15,000)</u>	<u>(6,000)</u>	<u>(181,405)</u>
Cash flows from financing activities				
Proceeds from long-term debt	1,340,000	-	-	1,340,000
Payments for debt issuance costs	(19,307)	-	-	(19,307)
Contribution received for long-term purposes	-	-	6,000	6,000
Principal paid on long-term debt	(1,371,287)	-	-	(1,371,287)
Net cash used in investing activities	<u>(50,594)</u>	<u>-</u>	<u>6,000</u>	<u>(44,594)</u>
Net increase in cash and cash equivalents	1,709,847	6,372	-	1,716,219
Cash and cash equivalents at beginning of year	<u>3,697,308</u>	<u>381,745</u>	<u>100,000</u>	<u>4,179,053</u>
Cash and cash equivalents at end of year	<u>\$ 5,407,155</u>	<u>\$ 388,117</u>	<u>\$ 100,000</u>	<u>\$ 5,895,272</u>
Supplemental disclosure of cash flow information				
Cash paid for interest				<u>\$ 54,691</u>
Cash paid for income taxes				<u>\$ 3,000</u>

See Notes to Financial Statements.

AMERICAN ACCOUNTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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, 2022 and 2021, 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. As of May 31, 2022 and 2021, 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.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Association records its property and equipment at cost or at fair value, if donated. The Association maintains a capitalization threshold of \$1,000. 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 three to ten years for furniture, fixtures and equipment; and ten 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.

The Association's annual meeting is held each August. Fees and contributions collected in advance and related expenses are deferred.

As of May 31, 2022 and 2021, deferred revenue was \$1,907,015 and \$1,839,913, respectively, and is included with accounts payable and accrued expenses on the accompanying statement of financial position.

Revenue Recognition

Membership dues and subscription revenue is amortized over the annual membership or subscription period. Royalty revenue from aggregators is based upon a multi-year contract and is recognized over the term of the contract. Publication revenue is recognized when publications are delivered to customers.

Contributions

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities and the administration of the Association have been summarized on a functional basis in the statement of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Administrative and general expenses and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

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 Association 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 Association 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, 2022 and 2021.

The Association files income tax returns in the U.S., Florida, and Illinois.

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.

Deferred Loan Costs

Deferred loan costs consist of fees for obtaining the long-term debt and are being amortized on the straight-line method over the life of the mortgage loan. The use of the straight-line method is not materially different from the interest method for the years ended May 31, 2022 and 2021.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. This ASU's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance in ASU 2014-09 as of June 1, 2020, without any changes to the way revenue is recognized.

Subsequent Events

The Association evaluated its May 31, 2022 financial statements for all subsequent events through September 26, 2022, the date the financial statements were issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Association's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for dues, subscriptions, and contributions received throughout the year. The Association manages liquidity during the year by utilizing the following strategies: operating within a budget that reflects the Board of Directors' strategy, including responsible revenue generation via contributions, membership dues, conferences, and publications to cover operating expenditures not covered by donor-restricted resources and intentional investments, regular analysis of actual operating results versus budget, and establishment of an operating reserve fund funded to be used to fund operating shortfalls with the approval of the Board of Directors.

The following table reflects the Association's total financial assets as of May 31, 2022 and 2021, which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 7,020,563	\$ 5,895,272
Certificates of deposit	1,949,000	1,949,000
Accounts receivable	468,536	513,985
Pledges receivable	1,036,963	1,298,569
Less net assets with donor restrictions	(1,721,795)	(1,964,422)
Financial assets available to meet operating expenditures	<u>\$ 8,753,267</u>	<u>\$ 7,692,404</u>

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by managed fund groups consist of the following at May 31, 2022 and 2021:

	2022	2021
General operations	\$ 4,727,062	\$ 3,802,724
Sections	2,111,490	1,915,177
Regions	182,011	177,371
Total cash and cash equivalents	\$ 7,020,563	\$ 5,895,272

NOTE 4. CERTIFICATES OF DEPOSIT

As of May 31, 2022 and 2021, the Association held certificates of deposit in increments ranging from \$5,000 to \$250,000, respectively, in separate banking institutions, with no more than \$250,000 held at any one institution. Maturity dates on the certificates of deposit range in increments from one year up to five years.

NOTE 5. PLEDGES RECEIVABLE

Unconditional promises to give are presented net of the discount to present value using a discount rate equivalent to the current risk free rate at the time the promise is made. The Association used a discount rate of 0.017%, which is due to be collected as follows at May 31, 2022 and 2021:

	2022	2021
Pledges receivable, less than 1 year	\$ 618,833	\$ 528,450
Pledges receivable, greater than one year	419,000	770,250
Discount on pledges receivable	(870)	(131)
Pledges receivable, net	\$ 1,036,963	\$ 1,298,569

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

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at May 31, 2022 and 2021:

	2022	2021
Land	\$ 376,934	\$ 376,934
Building and improvements	2,453,952	2,456,478
Furniture and equipment	135,009	123,375
Computers and software	679,335	508,799
	3,645,230	3,465,586
Less accumulated depreciation	(1,090,429)	(953,185)
	\$ 2,554,801	\$ 2,512,401

Depreciation expense was \$157,755 and \$143,235 for the years ended May 31, 2022 and 2021, respectively.

NOTE 7. NOTES PAYABLE

Long-term debt consists of the following at May 31, 2022 and 2021:

	2022	2021
Note payable to a financial institution, monthly payments of \$9,665 including interest at 3.63%, secured by real property, maturing May 2031.	\$ 1,272,207	\$ 1,340,000
Less unamortized deferred loan costs	(17,377)	(19,307)
	\$ 1,254,830	\$ 1,320,693

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. NOTES PAYABLE (CONTINUED)

Future maturities of long-term debt based on the amount outstanding as of May 31, 2022 are as follows:

2023	\$	70,328
2024		72,844
2025		75,687
2026		78,520
2027		81,460
Later		893,368
	\$	<u>1,272,207</u>

NOTE 8. PAYCHECK PROTECTION PROGRAM LOANS

On May 7, 2020, the Association received \$538,300 in funding through the Small Business Association Paycheck Protection Program (PPP Loan). The funds were spent on allowable expenditures and the loan was fully forgiven by the Small Business Administration. The loan forgiveness of \$538,300 is included with contributions on the accompanying statement of activities for the year ending May 21, 2021.

On March 3, 2021, the Association received \$528,520 in additional funding through the PPP Loan program. The funds were spent on allowable expenditures and the loan was fully forgiven by the Small Business Administration. The loan forgiveness of \$528,520 is included with contributions on the accompanying statement of activities for the year ending May 31, 2022.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS TIME AND PURPOSE

Net assets with donor restrictions time and purpose are restricted for the following purposes at May 31, 2022 and 2021:

	2022	2021
Seminars and education	\$ 882,226	\$ 1,006,947
Awards	733,569	851,475
Net assets with donor restrictions	\$ 1,615,795	\$ 1,858,422

Net assets with donor restrictions – time and purpose at May 31, 2022 consisted of \$1,036,963 in pledges receivable, \$467,000 in certificates of deposit and \$111,832 in cash. Net assets with donor restrictions – time and purpose at May 31, 2021 consisted of \$1,298,569 in pledges receivable, \$467,000 in certificates of deposit, and \$92,853 in cash.

Releases from restriction consisted of the following for the years ended May 31, 2022 and 2021:

	2022	2021
Seminars and education	\$ 259,202	\$ 155,923
Awards	126,637	114,957
Releases from restrictions	\$ 385,839	\$ 270,880

NOTE 10. ROYALTY AGREEMENTS

The Association has a major license agreement that expires on December 31, 2024 and may be renewed thereafter. The agreement is for guaranteed minimum annual royalties of \$2,400,000, which are paid on a quarterly basis and are included in publications/aggregators revenue. Accounts receivable under the license agreement was \$400,000 as of May 31, 2022 and 2021. Subsequent to year-end, the Association signed an extension of this agreement. The new agreement expires on December 31, 2027 and can be automatically extended by successive three year periods (up to two times). All other terms and conditions of the agreement remain in full force and effect.

NOTE 11. 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 \$116,623 and \$175,873 for the years ended May 31, 2022 and 2021, respectively. Employees may contribute to the 401(k) Plan up to the maximum allowed by law.

AMERICAN ACCOUNTING ASSOCIATION NOTES TO FINANCIAL STATEMENTS

NOTE 12. ENDOWMENT

The Association holds an endowment which is donor restricted. The Association's Board of Directors 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 net assets with donor restrictions – perpetual: (a) the original value of the gift donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted 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 net assets with donor restriction – perpetual is classified as net assets with donor restrictions – time and purpose 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 accumulate 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 and provide consistent long-term income returns. To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints. Given current market conditions, the funds are currently invested in high quality fixed income securities. Net earnings during the period were immaterial as all endowment funds were invested in certificates of deposit.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 12. ENDOWMENT (CONTINUED)

The endowment net asset composition is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Time or Purpose	Net Assets With Donor Restrictions Perpetual	Total at May 31, 2022
Donor-restricted endowment funds	\$ -	\$ -	\$ 106,000	\$ 106,000
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Time or Purpose	Net Assets With Donor Restrictions Perpetual	Total at May 31, 2021
Donor-restricted endowment funds	\$ -	\$ -	\$ 106,000	\$ 106,000

During the year ended May 31, 2021, the Foundation received \$6,000 in contributions to the endowment fund.