

GOING FURTHER

AMERICAN ACCOUNTING ASSOCIATION
LAKEWOOD RANCH, FLORIDA

FINANCIAL STATEMENTS

MAY 31, 2024

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Independent Auditor's Report

**Board of Directors
American Accounting Association
Lakewood Ranch, Florida**

Opinion

We have audited the accompanying consolidated financial statements of American Accounting Association and Subsidiary (the "Association") (a nonprofit organization), which comprise the consolidated statements of financial position as of May 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of May 31, 2024 and 2023, 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 consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 17 and 18 are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 the relation to the consolidated financial statements as a whole.

Bradenton, Florida
January 28, 2025



American Accounting Association

STATEMENTS OF FINANCIAL POSITION MAY 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 5,930,809	\$ 5,313,635
Certificates of deposit	3,794,062	3,920,000
Accounts receivable	481,659	426,462
Pledges receivable, net	399,896	631,313
Publications inventory	2,533	2,647
Prepays and other assets	582,039	386,821
Property and equipment, net	2,371,567	2,551,895
TOTAL ASSETS	\$ 13,562,565	\$ 13,232,773
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 2,394,807	\$ 2,518,168
Long-term debt	1,115,509	1,186,427
Total liabilities	3,510,316	3,704,595
Net assets		
Without donor restrictions	8,978,882	8,234,439
With donor restrictions		
Time and purpose	962,367	1,187,739
Perpetual	111,000	106,000
Total net assets	10,052,249	9,528,178
TOTAL LIABILITIES AND NET ASSETS	\$ 13,562,565	\$ 13,232,773

See Notes to Financial Statements.

American Accounting Association

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2024

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Support and revenue				
Membership dues	\$ 2,017,575	\$ -	\$ -	\$ 2,017,575
FASB codification	43,375	-	-	43,375
Subscriptions	302,433	-	-	302,433
Advertising	25,365	-	-	25,365
Publications/aggregators	3,009,065	-	-	3,009,065
Contributions	821,673	52,831	5,000	879,504
Interest and dividend income	390,869	-	-	390,869
Annual meeting	1,290,493	-	-	1,290,493
Other revenue (primarily from programs and seminars)	1,760,644	-	-	1,760,644
Net assets released from restrictions	278,203	(278,203)	-	-
Total support and revenue	<u>9,939,695</u>	<u>(225,372)</u>	<u>5,000</u>	<u>9,719,323</u>
Expenses				
Program services				
Annual meeting	1,601,330	-	-	1,601,330
Committees and awards	310,252	-	-	310,252
Conferences and consortia	874,325	-	-	874,325
Foundation	12,936	-	-	12,936
Memberships and subscriptions	747,639	-	-	747,639
Publications	1,701,550	-	-	1,701,550
Region support	137,227	-	-	137,227
Section support	1,657,972	-	-	1,657,972
Special programs	2,650	-	-	2,650
Total program services	<u>7,045,881</u>	<u>-</u>	<u>-</u>	<u>7,045,881</u>
Support services				
Management and general	2,149,371	-	-	2,149,371
Total expenses	<u>9,195,252</u>	<u>-</u>	<u>-</u>	<u>9,195,252</u>
Change in net assets	744,443	(225,372)	5,000	524,071
Net assets at beginning of year	<u>8,234,439</u>	<u>1,187,739</u>	<u>106,000</u>	<u>9,528,178</u>
Net assets at end of year	<u>\$ 8,978,882</u>	<u>\$ 962,367</u>	<u>\$ 111,000</u>	<u>\$ 10,052,249</u>

See Notes to Financial Statements.

American Accounting Association

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2023

	Without Donor Unrestricted	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Support and revenue				
Membership dues	\$ 2,039,557	\$ -	\$ -	\$ 2,039,557
FASB codification	177,242	-	-	177,242
Subscriptions	323,175	-	-	323,175
Advertising	28,122	-	-	28,122
Publications/aggregators	3,031,369	-	-	3,031,369
Contributions	552,871	204,704	-	757,575
Interest and dividend income	177,418	-	-	177,418
Annual meeting	1,407,686	-	-	1,407,686
Other revenue (primarily from programs and seminars)	1,657,321	-	-	1,657,321
Net assets released from restrictions	632,760	(632,760)	-	-
Total support and revenue	<u>10,027,521</u>	<u>(428,056)</u>	<u>-</u>	<u>9,599,465</u>
Expenses				
Program services				
Annual meeting	2,076,504	-	-	2,076,504
Committees and awards	318,733	-	-	318,733
Conferences and consortia	1,154,101	-	-	1,154,101
Memberships and subscriptions	899,250	-	-	899,250
Publications	1,553,894	-	-	1,553,894
Region support	196,958	-	-	196,958
Section support	1,662,074	-	-	1,662,074
Special programs	1,270	-	-	1,270
Total program services	<u>7,862,784</u>	<u>-</u>	<u>-</u>	<u>7,862,784</u>
Support services				
Management and general	1,806,204	-	-	1,806,204
Total expenses	<u>9,668,988</u>	<u>-</u>	<u>-</u>	<u>9,668,988</u>
Change in net assets	358,533	(428,056)	-	(69,523)
Net assets at beginning of year, before change in accounting principal	<u>7,875,906</u>	<u>1,615,795</u>	<u>106,000</u>	<u>9,597,701</u>
Net assets at end of year, after change in accounting principal	<u>\$ 8,234,439</u>	<u>\$ 1,187,739</u>	<u>\$ 106,000</u>	<u>\$ 9,528,178</u>

See Notes to Financial Statements.

American Accounting Association

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2024**

	Program Services									Total Program Services	Management and General	Total Expenses
	Annual Meeting	Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support	Special Programs	Foundation			
Salaries	\$ 289,139	\$ 94,722	\$ 71,041	\$ 412,040	\$ 264,747	\$ 82,171	\$ 301,215	\$ -	\$ -	\$ 1,515,075	\$ 845,975	\$ 2,361,050
Employee benefits	77,081	25,252	18,939	109,845	70,579	21,906	80,301	-	-	403,903	234,388	638,291
Payroll taxes	20,592	6,746	5,059	29,344	18,855	5,852	21,452	-	-	107,900	60,745	168,645
Other payroll	4,430	1,451	1,089	6,313	4,057	1,259	4,615	-	-	23,214	13,070	36,284
Training and recruitment	482	158	118	687	23	137	502	-	-	2,107	1,421	3,528
Total salaries and related expenses	391,724	128,329	96,246	558,229	358,261	111,325	408,085	-	-	2,052,199	1,155,599	3,207,798
Awards and grants	54,603	112,217	31	178	10,488	36	49,658	-	-	227,211	369	227,580
Bank and credit card fees	45,940	2,775	17,172	61,752	17,648	2,105	35,270	3	-	182,665	29,234	211,899
Dues and subscriptions	2,711	888	666	3,863	2,957	770	2,824	-	-	14,679	7,996	22,675
Equipment/software maintenance	773	253	190	1,102	708	220	805	-	-	4,051	2,280	6,331
Event coordinator expense	19,137	-	10,119	-	-	-	45,898	-	-	75,154	14,866	90,020
Hotel/food/beverage/audio visual	726,936	20,934	534,584	16,476	3,327	3,800	979,926	-	-	2,285,983	429,468	2,715,451
Insurance	7,495	1,297	3,121	4,354	6,685	576	1,765	-	3,206	28,499	46,209	74,708
Information technology	23,993	7,762	6,718	33,764	48,628	6,733	24,683	-	29	152,310	71,231	223,541
Miscellaneous	19,580	(684)	22,796	(7,109)	(400)	(1,418)	(829)	2,455	-	34,391	12,848	47,239
Office maintenance	2,578	859	2,578	2,578	5,156	251	609	-	-	14,609	24,060	38,669
Postage	15,622	414	345	514	51,118	164	3,597	-	-	71,774	1,437	73,211
Publications pre-press	5,190	1,700	1,275	7,397	929,506	1,475	5,407	-	-	951,950	18,262	970,212
Printing/copying	11,394	346	844	378	93,934	56	1,305	192	-	108,449	1,118	109,567
Professional and temp fees	24,853	8,142	6,106	35,417	110,032	7,063	25,891	-	4,518	222,022	79,138	301,160
Registration/exhibitor/placements	79,372	238	6,605	1,036	1,046	207	1,471	-	-	89,975	5,904	95,879
Speakers	38,960	-	4,057	-	-	-	22,226	-	-	65,243	14,450	79,693
Supplies	30,785	643	537	2,797	1,797	558	2,044	-	-	39,161	6,511	45,672
Taxes	622	207	622	622	1,244	60	147	-	-	3,524	21,803	25,327
Telephone/internet/web	2,723	892	669	3,881	2,494	774	2,837	-	-	14,270	8,035	22,305
Travel	21,030	17,138	142,894	1,771	18,687	353	38,465	-	5,183	245,521	48,351	293,872
Utilities	1,506	502	1,506	1,506	3,011	146	355	-	-	8,532	14,051	22,583
Web services/web hosting	59,677	691	518	3,007	6,970	600	2,198	-	-	73,661	6,233	79,894
Total expenses before depreciation	1,587,204	305,543	860,199	733,513	1,673,297	135,854	1,654,637	2,650	12,936	6,965,833	2,019,453	8,985,286
Depreciation	14,126	4,709	14,126	14,126	28,253	1,373	3,335	-	-	80,048	129,918	209,966
Total expenses	\$ 1,601,330	\$ 310,252	\$ 874,325	\$ 747,639	\$ 1,701,550	\$ 137,227	\$ 1,657,972	\$ 2,650	\$ 12,936	\$ 7,045,881	\$ 2,149,371	\$ 9,195,252

See Notes to Financial Statements.

American Accounting Association

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MAY 31, 2023

	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	\$ 410,890	\$ 104,619	\$ 96,250	\$ 510,281	\$ 345,767	\$ 124,759	\$ 305,227	\$ -	\$ 1,897,793	\$ 717,688	\$ 2,615,481
Employee benefits	118,036	30,054	27,649	146,586	99,327	35,839	87,681	-	545,172	206,168	751,340
Payroll taxes	28,731	7,315	6,730	35,681	24,178	8,724	21,343	-	132,702	50,184	182,886
Other payroll	7,312	1,862	1,713	9,081	6,153	2,220	5,432	-	33,773	12,772	46,545
Training and recruitment	882	224	706	1,094	3,129	268	655	-	6,958	1,639	8,597
Total salaries and related expenses	565,851	144,074	133,048	702,723	478,554	171,810	420,338	-	2,616,398	988,451	3,604,849
Awards and grants	47,562	105,418	407	58	3,345	14	42,479	-	199,283	640	199,923
Bank and credit card fees	43,244	1,206	11,386	70,311	15,431	906	31,099	25	173,608	12,755	186,363
Dues and subscriptions	3,509	894	822	4,358	4,432	1,066	2,607	-	17,688	6,130	23,818
Equipment/software maintenance	1,038	264	243	1,289	873	315	771	-	4,793	1,813	6,606
Event coordinator expense	38,260	-	8,412	-	-	-	37,636	-	84,308	11,680	95,988
Hotel/food/beverage/audio visual	1,021,225	26,996	688,890	19,834	10,975	1,275	992,764	-	2,761,959	352,355	3,114,314
Insurance	7,327	1,315	3,154	4,660	6,866	726	1,772	-	25,820	40,888	66,708
Information technology	34,968	8,903	8,696	43,426	29,436	10,617	25,976	-	162,022	61,077	223,099
Miscellaneous	31,561	(386)	(5)	(1,184)	3,942	(461)	24,649	1,133	59,249	44,464	103,713
Office maintenance	2,191	730	2,191	2,191	4,381	213	517	-	12,414	20,446	32,860
Postage	19,103	630	963	493	52,273	130	4,703	-	78,295	1,705	80,000
Publications pre-press	4,750	1,136	1,272	5,541	693,794	1,355	3,742	-	711,590	11,251	722,841
Printing/copying	13,134	156	1,896	397	84,123	89	1,309	112	101,216	747	101,963
Professional and temp fees	5,802	1,477	1,359	7,204	99,963	1,761	4,309	-	121,875	47,010	168,885
Registration/exhibitor/placements	85,731	1,313	7,373	6,403	4,339	1,566	5,606	-	112,331	9,006	121,337
Speakers	17,824	-	23,496	-	-	-	33,384	-	74,704	5,163	79,867
Supplies	15,832	701	617	3,270	2,268	799	2,083	-	25,570	4,609	30,179
Taxes	528	176	528	528	1,055	51	125	-	2,991	14,925	17,916
Telephone/internet/web	3,177	809	744	3,946	3,373	965	2,360	-	15,374	5,550	20,924
Travel	39,323	17,168	243,628	4,489	17,531	1,097	17,352	-	340,588	25,525	366,113
Utilities	1,543	514	1,542	1,542	3,085	150	364	-	8,740	14,395	23,135
Web services/web hosting	60,589	1,095	1,007	5,339	8,991	1,305	3,194	-	81,520	11,517	93,037
Total expenses before depreciation	2,064,072	314,589	1,141,669	886,818	1,529,030	195,749	1,659,139	1,270	7,792,336	1,692,102	9,484,438
Depreciation	12,432	4,144	12,432	12,432	24,864	1,209	2,935	-	70,448	114,102	184,550
Total expenses	\$ 2,076,504	\$ 318,733	\$ 1,154,101	\$ 899,250	\$ 1,553,894	\$ 196,958	\$ 1,662,074	\$ 1,270	\$ 7,862,784	\$ 1,806,204	\$ 9,668,988

See Notes to Financial Statements.

American Accounting Association

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MAY 31, 2024

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Cash flows from operating activities				
Change in net assets	\$ 744,443	\$ (225,372)	\$ 5,000	\$ 524,071
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	209,966	-	-	209,966
Amortization	1,931	-	-	1,931
(Increase) decrease in:				
Pledges receivable	-	231,417	-	231,417
Accounts receivable	(55,197)	-	-	(55,197)
Publications inventory	114	-	-	114
Prepays and other assets	(195,218)	-	-	(195,218)
(Decrease) in:				
Accounts payable and accrued expenses	(123,361)	-	-	(123,361)
Net cash provided by operating activities	<u>582,678</u>	<u>6,045</u>	<u>5,000</u>	<u>593,723</u>
Cash flows from investing activities				
Purchase of property and equipment	(29,638)	-	-	(29,638)
Purchase of certificates of deposit	(1,405,000)	-	-	(1,405,000)
Maturities of certificates of deposit	<u>1,530,938</u>	<u>-</u>	<u>-</u>	<u>1,530,938</u>
Net cash provided by investing activities	<u>96,300</u>	<u>-</u>	<u>-</u>	<u>96,300</u>
Cash flows from financing activities				
Principal paid on long-term debt	<u>(72,849)</u>	<u>-</u>	<u>-</u>	<u>(72,849)</u>
Net cash (used in) financng activities	<u>(72,849)</u>	<u>-</u>	<u>-</u>	<u>(72,849)</u>
Net increase in cash and cash equivalents	606,129	6,045	5,000	617,174
Cash and cash equivalents at beginning of year	<u>4,828,945</u>	<u>384,690</u>	<u>100,000</u>	<u>5,313,635</u>
Cash and cash equivalents at end of year	<u>\$ 5,435,074</u>	<u>\$ 390,735</u>	<u>\$ 105,000</u>	<u>\$ 5,930,809</u>
Supplemental disclosure of cash flow information				
Cash paid for interest				<u>\$ 43,134</u>
Cash paid for income taxes				<u>\$ 16,000</u>

See Notes to Financial Statements.

American Accounting Association

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MAY 31, 2023

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Cash flows from operating activities				
Change in net assets	\$ 358,533	\$ (428,056)	\$ -	\$ (69,523)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	184,550	-	-	184,550
Amortization	1,931	-	-	1,931
Decrease in:				
Pledges receivable	-	405,650	-	405,650
Accounts receivable	42,074	-	-	42,074
Publications inventory	26	-	-	26
Prepays and other assets	49,392	-	-	49,392
(Decrease) in:				
Accounts payable and accrued expenses	(98,050)	-	-	(98,050)
Net cash provided by (used in) operating activities	<u>538,456</u>	<u>(22,406)</u>	<u>-</u>	<u>516,050</u>
Cash flows from investing activities				
Proceeds from long-term debt	(183,575)	-	-	(183,575)
Purchase of certificates of deposit	(2,967,000)	-	-	(2,967,000)
Maturities of certificates of deposit	996,000	-	-	996,000
Net cash (used in) investing activities	<u>(2,154,575)</u>	<u>-</u>	<u>-</u>	<u>(2,154,575)</u>
Cash flows from financing activities				
Principal paid on long-term debt	(68,403)	-	-	(68,403)
Net cash (used in) financing activities	<u>(68,403)</u>	<u>-</u>	<u>-</u>	<u>(68,403)</u>
Net decrease in cash and cash equivalents	(1,684,522)	(22,406)	-	(1,706,928)
Cash and cash equivalents at beginning of year	<u>6,513,467</u>	<u>407,096</u>	<u>100,000</u>	<u>7,020,563</u>
Cash and cash equivalents at end of year	<u>\$ 4,828,945</u>	<u>\$ 384,690</u>	<u>\$ 100,000</u>	<u>\$ 5,313,635</u>
Supplemental disclosure of cash flow information				
Cash paid for interest				<u>\$ 45,648</u>
Cash paid for income taxes				<u>\$ 10,000</u>

See Notes to Financial Statements.

Notes To Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The American Accounting Association (the "Organization") 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.

The American Accounting Association Foundation (the "Foundation") was organized in 2023 for the purpose of supporting and advancing programs of the Organization. The Foundation is primarily supported through member contributions.

The consolidated financial statements include the accounts of American Accounting Association and American Accounting Association Foundation (the "Association"). All significant intercompany balances and transactions have been eliminated in the consolidation.

Basis of Accounting

The accompanying consolidated 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 and Credit Losses

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, 2024 and 2023, all accounts receivables are considered fully collectible.

Under the current expected credit loss model, the allowance for credit losses ("ACL") on account receivables is a valuation allowance estimated at each balance sheet date in accordance with GAAP that is deducted from the amortized cost basis of contract receivables to present the net amount expected to be collected.

The Association estimates the ACL on account receivables based on the amount billed to customers for services and measures expected credit losses of contract receivables on an individual basis where all or a portion of the balance exceeds 90 days from the invoice date. Based on the assessment of the customer's current creditworthiness, the Association estimates the portion, if any, of the balance that will not be collected. Additionally, a five-year weighted-average of write-offs is applied to the aggregate remaining accounts receivable to estimate an additional allowance covering those amounts not specifically identified. The weighted-average gives greater weight to the most recent years and is adjusted for management's estimate of any changes in expected future economic conditions that might give rise to results that differ from past experience. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless.

The Association does not have a history of losses associated with contract receivables and has not forecasted that future economic conditions may differ from past results; therefore, an allowance for credit losses has not been recorded as of and for the years ended May 31, 2024 and 2023.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Credit Losses (Continued)

The Association's methodologies for estimating the ACL consider available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The methodologies apply historical loss information, adjusted for asset-specific characteristics, economic conditions at the measurement date, and forecasts about future economic conditions over a period that has been determined to be reasonable and supportable.

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, 2024 and 2023, 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 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, 2024 and 2023, deferred revenue was \$2,060,447 and \$2,256,005, 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 as an exchange transaction. 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.

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, 2024 and 2023.

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, 2024 and 2023.

Recently Issued and Adopted Accounting Pronouncements

On June 1, 2023, the Association adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss that is referred to as the current credit loss (“CECL”) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including contract receivables.

The Association adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after June 1, 2023 are presented under ASC 326 while prior period amounts continued to be reported in accordance with previously accepted GAAP. The adoption of the new methodology did not have a financial impact on the Association.

Subsequent Events

The Association evaluated its May 31, 2024 financial statements for all subsequent events through January 28, 2025 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 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, 2024 and 2023, 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>2024</u>	<u>2023</u>
Cash and equivalents	\$ 5,930,809	\$ 5,313,635
Certificates of deposit	3,794,062	3,920,000
Accounts receivable	481,659	426,462
Pledges receivable	399,896	631,313
Less net assets with donor restrictions	<u>(1,073,367)</u>	<u>(1,293,739)</u>
Financial assets available to meet operating expenditures	<u>\$ 9,533,059</u>	<u>\$ 8,997,671</u>

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by managed fund groups consist of the following at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
General operations	\$ 3,287,801	\$ 2,785,577
Sections	2,458,032	2,343,082
Regions	<u>184,976</u>	<u>184,976</u>
Total cash and cash equivalents	<u>\$ 5,930,809</u>	<u>\$ 5,313,635</u>

The Association maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4. CERTIFICATES OF DEPOSIT

As of May 31, 2024 and 2023, the Association held certificates of deposit in increments ranging from \$2,000 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 0.518%, which is due to be collected as follows at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Pledges receivable, less than one year	\$ 288,473	\$ 333,183
Pledges receivable, greater than one year	112,000	298,750
Discount on pledges receivable	<u>(577)</u>	<u>(620)</u>
Pledges receivable, net	<u>\$ 399,896</u>	<u>\$ 631,313</u>

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

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 376,934	\$ 376,934
Building and improvements	2,508,134	2,485,446
Furniture and equipment	130,488	130,488
Computers and software	<u>665,702</u>	<u>658,752</u>
	3,681,258	3,651,620
Less accumulated depreciation	<u>(1,309,691)</u>	<u>(1,099,725)</u>
Total property and equipment	<u>\$ 2,371,567</u>	<u>\$ 2,551,895</u>

Depreciation expense was \$209,966 and \$184,550 for the years ended May 31, 2024 and 2023, respectively.

NOTE 7. NOTES PAYABLE

Long-term debt consists of the following at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Note payable to a financial institution, monthly payments of \$9,665 including interest at 3.63%, secured by real property, maturing May 2031.	\$ 1,129,024	\$ 1,201,873
Less unamortized deferred loan costs	<u>(13,515)</u>	<u>(15,446)</u>
	<u>\$ 1,115,509</u>	<u>\$ 1,186,427</u>

NOTE 7. NOTES PAYABLE (CONTINUED)

Future maturities of long-term debt based on the amount outstanding as of May 31, 2024 are as follows:

2025	\$	75,688
2026		78,521
2027		81,460
2028		84,425
2029		87,669
Later		721,261
	\$	<u>1,129,024</u>

NOTE 8. 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Seminars and education	\$ 462,009	\$ 583,560
Awards	<u>500,358</u>	<u>604,179</u>
Net assets with donor restrictions	<u>\$ 962,367</u>	<u>\$ 1,187,739</u>

Net assets with donor restrictions – time and purpose at May 31, 2024 consisted of \$399,896 in pledges receivable, \$434,000 in certificates of deposit and \$128,471 in cash. Net assets with donor restrictions – time and purpose at May 31, 2023 consisted of \$631,313 in pledges receivable, \$434,000 in certificates of deposit, and \$122,426 in cash.

Releases from restriction consisted of the following for the years ended May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Seminars and education	\$ 176,383	\$ 491,390
Awards	<u>101,820</u>	<u>141,370</u>
Releases from restrictions	<u>\$ 278,203</u>	<u>\$ 632,760</u>

NOTE 9. ROYALTY AGREEMENTS

The Association has a major license agreement that expires on December 31, 2027 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, 2024 and 2023.

NOTE 10. 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 \$152,467 and \$166,961 for the years ended May 31, 2024 and 2023, respectively. Employees may contribute to the 401(k) Plan up to the maximum allowed by law.

NOTE 11. 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.

The endowment net asset composition is as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions Time or Purpose</u>	<u>Net Assets With Donor Restrictions Perpetual</u>	<u>Total at May 31, 2024</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 111,000	\$ 111,000

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions Time or Purpose</u>	<u>Net Assets With Donor Restrictions Perpetual</u>	<u>Total at May 31, 2023</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 106,000	\$ 106,000

During the year ended May 31, 2024, the Association received \$5,000 in contributions to the endowment fund.

SUPPLEMENTARY INFORMATION

American Accounting Association

CONSOLIDATING STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED MAY 31, 2024

	American Accounting Association	American Accounting Association Foundation	Eliminating Entries	Totals
ASSETS				
Cash and cash equivalents	\$ 5,930,809	\$ -	\$ -	\$ 5,930,809
Certificates of deposit	3,794,062	-	-	3,794,062
Accounts receivable	486,914	-	(5,255)	481,659
Pledges receivable, net	399,896	-	-	399,896
Publications inventory	2,533	-	-	2,533
Prepays and other assets	582,039	-	-	582,039
Property and equipment, net	2,371,567	-	-	2,371,567
TOTAL ASSETS	\$ 13,567,820	\$ -	\$ (5,255)	\$ 13,562,565
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 2,394,807	\$ 5,255	\$ (5,255)	\$ 2,394,807
Long-term debt	1,115,509	-	-	1,115,509
Total liabilities	3,510,316	5,255	(5,255)	3,510,316
Net assets				
Without donor restrictions	8,984,137	(5,255)	-	8,978,882
With donor restrictions				
Time and purpose	962,367	-	-	962,367
Perpetual	111,000	-	-	111,000
Total net assets	10,057,504	(5,255)	-	10,052,249
TOTAL LIABILITIES AND NET ASSETS	\$ 13,567,820	\$ -	\$ (5,255)	\$ 13,562,565

American Accounting Association

CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2024

	American Accounting Association	American Accounting Association Foundation	Eliminating Entries	Total
Change in net assets without donor restrictions				
Support and revenue				
Membership dues	\$ 2,017,575	\$ -	\$ -	\$ 2,017,575
FASB codification	43,375	-	-	43,375
Subscriptions	302,433	-	-	302,433
Advertising	25,365	-	-	25,365
Publications/aggregators	3,009,065	-	-	3,009,065
Contributions	813,992	7,681	-	821,673
Interest and dividend income	390,869	-	-	390,869
Annual meeting	1,290,493	-	-	1,290,493
Other revenue (primarily from programs and seminars)	1,760,644	-	-	1,760,644
Net assets released from restrictions	278,203	-	-	278,203
Total support and revenue	<u>9,932,014</u>	<u>7,681</u>	<u>-</u>	<u>9,939,695</u>
Expenses				
Program services				
Annual meeting	1,601,330	-	-	1,601,330
Committees and awards	310,252	-	-	310,252
Conferences and consortia Foundation	874,325	-	-	874,325
Memberships and subscriptions	-	12,936	-	12,936
Publications	747,639	-	-	747,639
Region support	1,701,550	-	-	1,701,550
Section support	137,227	-	-	137,227
Special programs	1,657,972	-	-	1,657,972
Special programs	2,650	-	-	2,650
Total program services	<u>7,032,945</u>	<u>12,936</u>	<u>-</u>	<u>7,045,881</u>
Support services				
Management and general	2,149,371	-	-	2,149,371
Total expenses	<u>9,182,316</u>	<u>12,936</u>	<u>-</u>	<u>9,195,252</u>
Change in net assets without donor restrictions	<u>749,698</u>	<u>(5,255)</u>	<u>-</u>	<u>744,443</u>
Change in net assets with donor restrictions				
Contributions	57,831	-	-	57,831
Net assets released from restrictions	<u>(278,203)</u>	<u>-</u>	<u>-</u>	<u>(278,203)</u>
Change in net assets with donor restrictions	<u>(220,372)</u>	<u>-</u>	<u>-</u>	<u>(220,372)</u>
Change in net assets	529,326	(5,255)	-	524,071
Net assets at beginning of year	<u>9,528,178</u>	<u>-</u>	<u>-</u>	<u>9,528,178</u>
Net assets at end of year	<u>\$ 10,057,504</u>	<u>\$ (5,255)</u>	<u>\$ -</u>	<u>\$ 10,052,249</u>