

**AMERICAN ACCOUNTING ASSOCIATION
SARASOTA, FLORIDA**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

Years Ended May 31, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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

November 2, 2014

AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

	May 31, 2014	May 31, 2013
ASSETS		
Cash and cash equivalents	\$ 5,682,174	4,806,853
Certificates of deposit	1,800,534	1,800,000
Accounts receivable	675,517	900,266
Pledges receivable, net	649,018	1,075,944
Publications inventory	1,675	2,280
Prepays and other assets	261,045	136,141
Property and equipment, net	890,016	818,918
TOTAL ASSETS	\$ 9,959,979	9,540,402
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 743,132	547,975
Deferred revenue	1,920,958	1,965,167
Total liabilities	2,664,090	2,513,142
Net assets		
Unrestricted	6,502,042	5,790,682
Temporarily restricted	693,847	1,136,578
Permanently restricted	100,000	100,000
Total net assets	7,295,889	7,027,260
TOTAL LIABILITIES AND NET ASSETS	\$ 9,959,979	9,540,402

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	<u>9,147,417</u>	<u>(442,731)</u>	-	<u>8,704,686</u>
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	<u>8,436,057</u>	<u>-</u>	<u>-</u>	<u>8,436,057</u>
Change in net assets	711,360	(442,731)	-	268,629
Net assets at beginning of year	<u>5,790,682</u>	<u>1,136,578</u>	<u>100,000</u>	<u>7,027,260</u>
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 ACTIVITIES
Year Ended May 31, 2013

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

See accompanying notes.

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

	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			Total Program Services
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	\$ 1,690,545	298,875	829,811	849,642	1,445,593	237,842	1,104,480	46,060	6,502,848	1,933,209	8,436,057

See accompanying notes.

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

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

See accompanying notes.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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 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 (decrease) in				
Accounts payable and accrued expenses	195,157	-	-	195,157
Deferred revenue	(44,209)	-	-	(44,209)
Net cash provided by (used in) operating activities	<u>1,061,492</u>	<u>(15,063)</u>	<u>-</u>	<u>1,046,429</u>
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	<u>(171,108)</u>	<u>-</u>	<u>-</u>	<u>(171,108)</u>
Net increase (decrease) in cash and cash equivalents	890,384	(15,063)	-	875,321
Cash and cash equivalents at beginning of year	<u>4,465,203</u>	<u>241,650</u>	<u>100,000</u>	<u>4,806,853</u>
Cash and cash equivalents at end of year	<u>\$ 5,355,587</u>	<u>226,587</u>	<u>100,000</u>	<u>5,682,174</u>

See accompanying notes.

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

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

See accompanying notes.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2014 and 2013, 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, 2014 and 2013, all pledges receivable are considered fully collectible.

Publications Inventory: Publications inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Property and Equipment: The Association records its property and equipment at cost or at fair market value, if donated. Depreciation of buildings and equipment is provided for using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of assets range from 3 to 10 years for furniture, fixtures and equipment; and 10 to 40 years for buildings and land improvements. Maintenance and repair costs are expensed as incurred.

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

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Publication Revenue: Publication revenue is recognized when the related publications (books) are sold.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Association is generally exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Association is required to pay income taxes on the excess of revenues derived from activities unrelated to the tax-exempt purpose of the Association over the related expenses.

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, 2014 and 2013.

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 2011 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 November 2, 2014, the date the financial statements were available to be issued. In June 2014, the Association received \$1,300,000 in pledge commitments that provide funds to sponsor specific programs over the next three years.

NOTE B – CASH AND CASH EQUIVALENTS

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

	<u>May 31, 2014</u>	<u>May 31, 2013</u>
General operations	\$ 3,659,320	2,588,576
Sections	1,843,776	2,008,617
Regions	<u>179,078</u>	<u>209,660</u>
Total cash and cash equivalents	<u>\$ 5,682,174</u>	<u>4,806,853</u>

As of May 31, 2014, the amount in excess of FDIC coverage was approximately \$2,184,000.

NOTE C – CERTIFICATES OF DEPOSIT

At May 31, 2014 and 2013, the Association held 14 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 of 11 months and 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 .12% and 0.26%, are due to be collected as follows:

	<u>May 31, 2014</u>	<u>May 31, 2013</u>
Pledges receivable, less than 1 year	\$ 531,713	454,500
Pledges receivable, 1 to 5 years	117,499	622,381
Discount on pledges receivable	<u>(194)</u>	<u>(937)</u>
Pledges receivable, net	<u>\$ 649,018</u>	<u>1,075,944</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, 2014</u>	<u>May 31, 2013</u>
Land	\$ 199,816	199,816
Land improvements	61,332	58,932
Building and improvements	862,463	787,274
Furniture and equipment	274,984	265,540
Computers and software	748,575	684,159
	<u>2,147,170</u>	<u>1,995,721</u>
Less accumulated depreciation	<u>(1,257,154)</u>	<u>(1,176,803)</u>
Total property and equipment	<u>\$ 890,016</u>	<u>818,918</u>

Depreciation expense was \$99,476 and \$79,168 for the year ended May 31, 2014 and 2013, respectively.

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>May 31, 2014</u>	<u>May 31, 2013</u>
Seminars and education	\$ 650,572	1,072,003
Awards	21,000	32,000
Research	<u>22,275</u>	<u>32,575</u>
Temporarily restricted net assets	<u>\$ 693,847</u>	<u>1,136,578</u>

NOTE G – 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 H – 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 \$89,789 and \$114,434 for the year ended May 31, 2014 and 2013, respectively. Employees may contribute to the 401(k) plan up to the maximum allowed by law.

NOTE I – CONTRIBUTIONS

Total contributions received by the Association were \$969,005 and \$1,246,636 for the year ended May 31, 2014 and 2013, respectively. Contributions are divided among the following categories on the statement of activities: contributions, annual meeting and other revenue.

NOTE J – ENDOWMENT

The Association holds an endowment which is donor restricted. The Board of Directors of the Association has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance

AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE J – ENDOWMENT (CONTINUED)

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:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total at May 31, 2014</u>
Donor-restricted endowment funds	\$ -	-	100,000	100,000
Board-designated endowment funds	-	-	-	-
Total cash and cash equivalents	<u>\$ -</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total at May 31, 2013</u>
Donor-restricted endowment funds	\$ -	-	100,000	100,000
Board-designated endowment funds	-	-	-	-
Total cash and cash equivalents	<u>\$ -</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>

During the year ended May 31, 2014, there were no changes to the endowment since the initial contribution was received.

**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, 2014 and 2013, and have issued our report thereon dated November 2, 2014, 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
November 2, 2014

SUPPLEMENTAL INFORMATION

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF FINANCIAL POSITION

	May 31, 2014			May 31, 2013	
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
ASSETS					
Cash and cash equivalents	\$ 3,659,320	1,843,776	179,078	5,682,174	4,806,853
Certificates of deposit	1,700,534	100,000	-	1,800,534	1,800,000
Accounts receivable	675,517	-	-	675,517	900,266
Pledges receivable, net	649,018	-	-	649,018	1,075,944
Publications inventory	1,675	-	-	1,675	2,280
Prepays and other assets	238,672	17,385	4,988	261,045	136,141
Property and equipment, net	890,016	-	-	890,016	818,918
TOTAL ASSETS	\$ 7,814,752	1,961,161	184,066	9,959,979	9,540,402
Liabilities					
Accounts payable and accrued expenses	\$ 743,132	-	-	743,132	547,975
Deferred revenue	1,731,750	189,208	-	1,920,958	1,965,167
Total liabilities	2,474,882	189,208	-	2,664,090	2,513,142
Net assets					
Unrestricted	4,877,444	1,446,532	178,066	6,502,042	5,790,682
Temporarily restricted	462,426	225,421	6,000	693,847	1,136,578
Permanently restricted	-	100,000	-	100,000	100,000
Total net assets	5,339,870	1,771,953	184,066	7,295,889	7,027,260
TOTAL LIABILITIES AND NET ASSETS	\$ 7,814,752	1,961,161	184,066	9,959,979	9,540,402

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF ACTIVITIES

	Year Ended May 31, 2014			Year Ended May 31, 2013	
	General Fund	Section Funds	Region Funds	Total All Funds	Total All Funds
Support and revenue					
Membership dues	\$ 1,265,155	227,217	-	1,492,372	1,490,313
FASB codification	207,678	-	-	207,678	146,438
Subscriptions	576,928	73,083	-	650,011	775,751
Advertising	231,700	1,100	-	232,800	228,085
Publications/aggregators	2,624,044	35,664	-	2,659,708	1,821,918
Contributions	276,243	6,550	-	282,793	589,878
Interest and dividend income	6,151	650	-	6,801	6,808
Annual meeting	1,616,369	130,340	426	1,747,135	1,740,026
Other revenue (primarily from programs and seminars)	686,472	677,530	61,386	1,425,388	1,174,720
Total support and revenue	<u>7,490,740</u>	<u>1,152,134</u>	<u>61,812</u>	<u>8,704,686</u>	<u>7,973,937</u>
Expenses					
Program services					
Annual meeting	1,596,172	94,078	295	1,690,545	1,611,507
Committees and awards	200,018	92,394	6,463	298,875	253,555
Conferences and consortia	822,073	7,641	97	829,811	712,268
Membership and subscriptions	803,297	45,761	584	849,642	800,484
Publications	1,295,643	149,618	332	1,445,593	1,365,021
Region support	152,139	6,877	78,826	237,842	259,840
Section support	276,886	827,455	139	1,104,480	963,652
Special events	19,486	26,574	-	46,060	45,332
Support services					
Management and general	1,875,568	56,971	670	1,933,209	1,612,231
Total expenses	<u>7,041,282</u>	<u>1,307,369</u>	<u>87,406</u>	<u>8,436,057</u>	<u>7,623,890</u>
Change in net assets	449,458	(155,235)	(25,594)	268,629	350,047
Net assets at beginning of year	<u>4,890,412</u>	<u>1,927,188</u>	<u>209,660</u>	<u>7,027,260</u>	<u>6,677,213</u>
Net assets at end 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>

See independent auditor's report on supplementary information.

AMERICAN ACCOUNTING ASSOCIATION
SUPPORTING SCHEDULE OF THE
STATEMENTS OF CASH FLOWS

	Year Ended May 31, 2014			Year Ended May 31, 2013
	General Fund	Section Funds	Region Funds	Total All Funds
Cash flows from operating activities				
Change in net assets	\$ 449,458	(155,235)	(25,594)	268,629
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation	99,476	-	-	99,476
(Increase) decrease in				
Pledges receivable	426,926	-	-	426,926
Accounts receivable	224,749	-	-	224,749
Publications inventory	605	-	-	605
Prepays and other assets	(110,601)	(9,315)	(4,988)	(124,904)
Increase in				
Accounts payable and accrued expenses	195,157	-	-	195,157
Deferred revenue	(43,918)	(291)	-	(44,209)
Net cash provided (used) by operating activities	<u>1,241,852</u>	<u>(164,841)</u>	<u>(30,582)</u>	<u>1,046,429</u>
Cash flows from investing activities				
Purchase of land/building/equipment	(170,574)	-	-	(170,574)
Purchase of certificates of deposit	(1,600,736)	(100,000)	-	(1,700,736)
Maturities of certificates of deposit	<u>1,600,202</u>	<u>100,000</u>	<u>-</u>	<u>1,700,202</u>
Net cash provided (used) by investing activities	<u>(171,108)</u>	<u>-</u>	<u>-</u>	<u>(171,108)</u>
Net increase (decrease) in cash and cash equivalents	1,070,744	(164,841)	(30,582)	875,321
Cash and cash equivalents at beginning of year	<u>2,588,576</u>	<u>2,008,617</u>	<u>209,660</u>	<u>4,806,853</u>
Cash and cash equivalents at end of year	<u>\$ 3,659,320</u>	<u>1,843,776</u>	<u>179,078</u>	<u>5,682,174</u>

See independent auditor's report on supplementary information.