

INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH

**FINANCIAL STATEMENTS
AND
REVIEW REPORT**

FOR THE YEAR ENDED

DECEMBER 31, 2008

INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH

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To the Board of Directors
International Association for Accounting Education and Research
Chicago, Illinois

We have reviewed the accompanying statement of assets, liabilities, and net assets – cash basis of International Association For Accounting Education and Research (a not-for-profit corporation) as of December 31, 2008, and the related statements of revenue collected, expenses paid, and changes in net assets – cash basis and the statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the International Association for Accounting Education and Research.

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 1.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 1.

Duffner & Company P.C.

November 13, 2009
Palos Heights, Illinois

FINANCIAL STATEMENTS

**INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS**

DECEMBER 31, 2008

ASSETS

	<u>2008</u>
Current Assets	
Cash	\$ 133,206
Certificate of Deposit	70,938
Total Current Assets	<u>204,144</u>
 TOTAL ASSETS	 <u><u>\$ 204,144</u></u>

LIABILITIES AND NET ASSETS

Net Assets	
Unrestricted	\$ 137,167
Temporarily Restricted	66,977
Total Net Assets	<u>204,144</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 204,144</u></u>

See accountants' review report and accompanying notes

INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH
STATEMENT OF REVENUE COLLECTED, EXPENSES PAID AND CHANGES IN NET ASSETS -
CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>Revenues and Support</u>			
Revenues			
KPMG Grant	\$ -	\$ 5,000	\$ 5,000
Interest	7,139	-	7,139
Membership Services Grant	-	3,879	3,879
Conferences/Workshops Sponsorships	-	8,810	8,810
Other	4	-	4
Total Revenues	<u>7,143</u>	<u>17,689</u>	<u>24,832</u>
Support			
Individual Membership Dues	14,915	-	14,915
University Membership Dues	5,990	-	5,990
Institutional Membership Dues	13,182	-	13,182
Total Support	<u>34,087</u>	<u>-</u>	<u>34,087</u>
Net Assets Released from Restrictions	<u>65,956</u>	<u>(65,956)</u>	<u>-</u>
Total Revenues and Support	107,186	(48,267)	58,919
<u>Expenses</u>			
Website Development	8,990	-	8,990
Contract Services	9,625	-	9,625
Merchant & Payment Fees	1,606	-	1,606
Travel Expenses	17,366	-	17,366
Meeting Expenses	2,001	-	2,001
Bank Fees	356	-	356
Conference/Translation Fee	3,084	-	3,084
Conference Fee	1,279	-	1,279
Admin/Office Expenses	1,029	-	1,029
Publishing Costs	3,709	-	3,709
Membership Services Costs	9,244	-	9,244
Currency Translation expense	1,164	-	1,164
Grants Disbursements	48,647	-	48,647
Total Expenses	<u>108,100</u>	<u>-</u>	<u>108,100</u>
change in Net Assets	(914)	(48,267)	(49,181)
Net Assets at Beginning of Year	<u>138,081</u>	<u>115,244</u>	<u>253,325</u>
Net Assets at End of Year	<u>\$ 137,167</u>	<u>\$ 66,977</u>	<u>\$ 204,144</u>

See accountants' review report and accompanying notes

INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH
STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows From Operating Activities	<u>\$ (56,320)</u>
Net Cash Used by Operating Activities	<u>(56,320)</u>
Cash Flow From Investing Activities	
Interest Income	<u>7,139</u>
Net Cash Flow From Investing Activities	7,139
Cash Flow Form Financing Activities	<u>-</u>
	-
Net Change in Cash Flow	(49,181)
Cash - Beginning of Year	253,325
Cash - End of Year	<u><u>\$ 204,144</u></u>

See accountants' review report and accompanying notes

SUPPLEMENTAL INFORMATION

INTERNATIONAL ASSOCIATION FOR ACCOUNTING
EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The International Association for Accounting Education and Research (IAAER) is registered as a not-for-profit corporation in the State of Illinois, United States of America. IAAER is a global not for profit organization founded to promote excellence in accounting education and research on a worldwide basis and to maximize the contribution of accounting academics to the development and maintenance of high quality, globally recognized standards.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis differs from generally accepted accounting principles in that no receivables or accruals are recognized in the financial statements.

Financial Statement Presentation

The Organization has adopted SFAS. NO. 117, "Financial Statements of Not-For-Profit Organizations". Under SFAS. NO. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

The Organization considers cash on hand in banks, certificates of deposit, and U.S. Government Securities and other highly liquid short term securities with initial maturities of three months or less to be cash equivalents.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with the cash basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

INTERNATIONAL ASSOCIATION FOR ACCOUNTING
EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Contributed Services

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity. Contributions to IAAER qualify for deductible contributions as provided in Section 170 of the Internal Revenue Code.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases the related net assets class. When temporary restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue collected, expenses paid and changes in net assets as net assets released from restrictions. The Organization had temporarily restricted net assets of \$66,977 at December 31, 2008. There were no permanently restricted net assets at December 31, 2008.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. According, certain costs have been allocated among the programs and supporting services benefited.

INTERNATIONAL ASSOCIATION FOR ACCOUNTING
EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

2. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at one bank in Chicago, Illinois. Cash balances at that institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had a bank balance of \$136,538 at December 31, 2008 in that institution.

3. RELATED PARTY TRANSACTIONS

Certain members of the board were reimbursed for travel expenses for the Organization. The reimbursements are included in travel expense which totaled \$17,366 for 2008.

4. ECONOMIC DEPENDENCE

The Organization receives the majority of its non-support revenue from grants from the International Accounting Firm of KPMG and the Association of Chartered Certified Accountants.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of grants received from KPMG to sponsor academic research on topics related to the International Accounting Standards Board.

**INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Expenses</u>	MEMBER SERVICES	MEETINGS and CONFERENCES	RESEARCH GRANT PROGRAM	GENERAL and ADMINISTRATIVE	TOTAL
Website Development	\$ 8,990	-	-	-	\$ 8,990
Contract Services	9,625	-	-	-	9,625
Merchant & Payment Fees	1,606	-	-	-	1,606
Travel Expenses	3,622	13,744	-	-	17,366
Meeting Expenses	-	2,001	-	-	2,001
Bank Fees	356	-	-	-	356
Conference/Translation Fee	-	3,084	-	-	3,084
Conference Fee	-	1,279	-	-	1,279
Admin/Office Expenses	-	-	-	1,029	1,029
Publishing Costs	1,015	2,694	-	-	3,709
Membership Services Costs	9,244	-	-	-	9,244
Currency Translation expense	1,164	-	-	-	1,164
Grants Disbursements	-	-	48,647	-	48,647
Total Expenses	<u>\$ 35,622</u>	<u>\$ 22,802</u>	<u>\$ 48,647</u>	<u>\$ 1,029</u>	<u>\$ 108,100</u>