

**INTERNATIONAL ASSOCIATION  
FOR ACCOUNTING EDUCATION  
AND RESEARCH**

YEARS ENDED DECEMBER 31, 2010 AND 2009

## **Independent Auditors' Report**

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

We have audited the accompanying statement of assets, liabilities and net assets – cash basis of the International Association for Accounting Education and Research (a nonprofit organization) (IAAER) as of December 31, 2010 and the related statements of support, revenue and expenses – cash basis and changes in net assets – cash basis for the year then ended. These financial statements are the responsibility of IAAER's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of International Association for Accounting Education and Research as of December 31, 2010 and its support, revenue, expenses and changes in net assets for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information – cash basis for the year ended December 31, 2010 included on pages 9 and 10 is presented for purposes of additional analysis and is 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.

The 2009 financial statements were reviewed by us and our report thereon, September 21, 2010, stated we were not aware of any material modifications that should be made to the 2009 financial statements for them to be in conformity with the cash basis of accounting, as described in Note 1. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

*Ostrow Reisin Berk + Abrams, Ltd.*

October 19, 2011

**INTERNATIONAL ASSOCIATION FOR  
ACCOUNTING EDUCATION AND RESEARCH**

**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
(Cash basis)**

December 31,	2010 (Audited)	2009 (Reviewed)
<b>ASSETS</b>		
Cash, checking and money market accounts	\$ 394,541	\$ 152,722
Certificates of deposit		117,540
Other asset	734	
<b>Total assets</b>	<b>\$ 395,275</b>	<b>\$ 270,262</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net assets:</b>		
Unrestricted	228,333	149,532
Temporarily restricted (Note 4)	166,942	120,730
<b>Total net assets</b>	<b>395,275</b>	<b>270,262</b>
<b>Total liabilities and net assets</b>	<b>\$ 395,275</b>	<b>\$ 270,262</b>

*See notes to financial statements.*

**INTERNATIONAL ASSOCIATION FOR  
ACCOUNTING EDUCATION AND RESEARCH**

**STATEMENT OF SUPPORT, REVENUE AND EXPENSES  
(Cash basis)**

Years ended December 31,	2010 (Audited)	2009 (Reviewed)
Changes in unrestricted net assets:		
Public support and revenue:		
Membership dues:		
Individuals	\$ 36,675	\$ 26,950
Universities	12,814	7,110
Institutional, academic and professional	17,881	13,297
<b>Total membership dues</b>	<b>67,370</b>	<b>47,357</b>
World Congress conference	143,929	
Interest income	325	3,649
Net assets released from restrictions (Note 4)	252,403	143,865
<b>Total public support and revenue</b>	<b>464,027</b>	<b>194,871</b>
Expenses:		
Program expenses:		
Member services	35,725	52,179
Meetings and conferences	124,278	33,835
Research projects	212,522	94,050
<b>Total program expenses</b>	<b>372,525</b>	<b>180,064</b>
Support expense:		
Management and general	12,701	2,442
<b>Total expenses</b>	<b>385,226</b>	<b>182,506</b>
<b>Increase in unrestricted net assets</b>	<b>78,801</b>	<b>12,365</b>

*See notes to financial statements.*

**INTERNATIONAL ASSOCIATION FOR  
ACCOUNTING EDUCATION AND RESEARCH**

**STATEMENT OF SUPPORT, REVENUE AND EXPENSES (CONTINUED)**  
(Cash basis)

Years ended December 31,	2010 (Audited)	2009 (Reviewed)
Changes in temporarily restricted net assets:		
Public support and revenue:		
Grants received	\$ 298,615	\$ 197,618
Net assets released from restrictions (Note 4)	(252,403)	(143,865)
Increase in temporarily restricted net assets	46,212	53,753
Increase in net assets	\$ 125,013	\$ 66,118

*See notes to financial statements.*

**INTERNATIONAL ASSOCIATION FOR  
ACCOUNTING EDUCATION AND RESEARCH**

**STATEMENT OF CHANGES IN NET ASSETS  
(Cash basis)**

Years ended December 31, 2010 and 2009	Unrestricted	Temporarily restricted	Total
Balances, December 31, 2008	\$ 137,167	\$ 66,977	\$ 204,144
Increase in net assets	12,365	53,753	66,118
<b>Balances, December 31, 2009 (Reviewed)</b>	<b>149,532</b>	<b>120,730</b>	<b>270,262</b>
<b>Increase in net assets</b>	<b>78,801</b>	<b>46,212</b>	<b>125,013</b>
<b>Balances, December 31, 2010 (Audited)</b>	<b>\$ 228,333</b>	<b>\$ 166,942</b>	<b>\$ 395,275</b>

*See notes to financial statements.*

# **INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH**

## **NOTES TO FINANCIAL STATEMENTS (Cash basis)**

### **1. Summary of significant accounting policies**

#### **Operations:**

The International Association for Accounting Education and Research (IAAER) is an Illinois not-for-profit organization incorporated on November 4, 2002. IAAER is a global organization founded to promote excellence in accounting education and research on a worldwide basis and to maximize the contributions of accounting academics to the development and maintenance of high quality, globally recognized standards.

#### **Cash basis of accounting:**

IAAER prepares its financial statements substantially on the basis of cash receipts and disbursements; consequently, revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligations are incurred. Accordingly, the accompanying financial statements are not intended to present the financial position, changes in net assets and cash flows on the accrual basis of accounting in conformity with generally accepted accounting principles.

#### **Income taxes:**

IAAER is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to IAAER are deductible for income tax purposes within the limitations of the law.

IAAER's tax reporting is on the same cash basis of accounting used in preparing these financial statements.

### **2. Cash**

IAAER maintains a cash account at a financial institution. The total balance for the account is insured with the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for 2010. IAAER had a cash balance on deposit of approximately \$287,000 and \$270,000 at December 31, 2010 and 2009, respectively, that exceeded the insurance coverage. IAAER has not experienced any loss in the account and management believes that IAAER is not subject to any significant credit risk on cash. The cash balance did not exceed the \$250,000 limit at December 31, 2009.



# INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) (Cash basis)

### 3. Concentrations of public support and revenue

Two supporters accounted for approximately 58% and 81% of IAAER's public support and revenue for the years ended December 31, 2010 and 2009, respectively.

### 4. Temporarily restricted net assets

Temporarily restricted net assets represent unused research grants as follows:

Years ended December 31,	2010 (Audited)	2009 (Reviewed)
KPMG IASB grant	\$ 115,903	\$ 97,945
ACCA IAESB research income	21,542	
ACCA developing research skills grant	9,303	7,744
ACCA SME roundtable grant	9,192	15,041
ACCA seed grant	5,997	
IAASB fund grant	5,005	
<b>Total temporarily restricted net assets</b>	<b>\$ 166,942</b>	<b>\$ 120,730</b>

Net assets were released from restrictions by incurrence of expenses satisfying the restricted purpose or by occurrence of events specified by the donor.

### 5. Subsequent events

Management of IAAER has reviewed and evaluated subsequent events from December 31, 2010, the financial statement date, through October 19, 2011, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by the cash basis of accounting.

# INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH

## GRANTS RECEIVED (Cash basis)

Years ended December 31,	2010 (Audited)	2009 (Reviewed)
Association of Chartered Certified Accountants (ACCA):		
International Accounting Education Standards Board (IAESB) research grant	\$ 77,480	\$ 52,500
International Auditing and Assurance Standard Board (IAASB) grant	45,664	
Developing research skills grant	21,613	22,973
SME roundtable grant	11,165	16,311
Seed grant	7,693	
KPMG:		
International Accounting Standards Board (IASB) grant	105,000	75,000
eIFRS and website grant	25,000	25,000
Diversity grant	5,000	5,000
World Bank program grant		834
Total grants received	\$ 298,615	\$ 197,618

**INTERNATIONAL ASSOCIATION FOR  
ACCOUNTING EDUCATION AND RESEARCH**

**PROGRAM AND SUPPORT EXPENSES  
(Cash basis)**

Years ended December 31,

2010 (Audited)

	Program				Total
	Member Services	Meetings and Conferences	Research Projects	Management and General	
Academic research team grants			\$ 212,522		\$ 212,522
World Congress conference		\$ 114,388			114,388
Website costs	\$ 17,504				17,504
Travel	5,737	6,670			12,407
Research database (eIFRS)	9,709				9,709
Office expense				\$ 6,550	6,550
Professional fees				6,151	6,151
Other conferences and workshops			3,220		3,220
Bank fees		2,775			2,775
Mentor program					
Standard advisory council					
Publishing					
<b>Total program and support expenses</b>	<b>\$ 35,725</b>	<b>\$ 124,278</b>	<b>\$ 212,522</b>	<b>\$ 12,701</b>	<b>\$ 385,226</b>