

**International Association for
Accounting Education and Research**

Financial Report
December 31, 2014

Contents

Independent Auditor's Report	1-2
------------------------------	-----

Financial Statements	
Statements of Assets, Liabilities and Net Assets – Cash Basis	3
Statements of Support, Revenue and Expenses – Cash Basis	4
Statements of Changes in Net Assets – Cash Basis	5
Notes to Financial Statements – Cash Basis	6-7

Supplementary Information	
Grants Received – Cash Basis	8
Program and Support Expenses – Cash Basis – 2014	9
Program and Support Expenses – Cash Basis – 2013	10



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the International Association for Accounting Education and Research (IAAER), which comprise the statement assets and liabilities arising from cash transactions as of December 31, 2014, and the related statements of support and revenue collected and expenses paid for the year 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 IAAER's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used 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.

Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the International Association for Accounting Education and Research as of December 31, 2014, and its revenue collected and expenses paid during the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion of the financial statements as of and for the year ended December 31, 2014 as a whole. The accompanying supplementary information 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 as of and for the year ended December 31, 2014 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 as of and for the year ended December 31, 2014 is fairly stated in all material respects in relation to the financial statements as a whole.

The financial statements and supplementary information of IAAER as of and for the year ended December 31, 2013, were audited by other auditors whose report dated May 1, 2014 expressed an unmodified opinion on those statements.

McGladrey LLP

Dayton, Ohio
June 18, 2015

**International Association for
Accounting Education and Research**

**Statements of Assets, Liabilities and Net Assets - Cash Basis
December 31, 2014 and 2013**

Assets	2014	2013
Cash	\$ 471,748	\$ 338,086
Certificates of deposit	101,092	200,552
Total assets	\$ 572,840	\$ 538,638
Liabilities	\$ -	\$ 69
Net Assets		
Unrestricted - general	223,349	220,174
Unrestricted - designated	41,658	-
Temporarily restricted	307,833	318,395
Total net assets	572,840	538,569
Total liabilities and net assets	\$ 572,840	\$ 538,638

See Notes to Financial Statements.

**International Association for
Accounting Education and Research**

**Statements of Support, Revenue and Expenses - Cash Basis
Years Ended December 31, 2014 and 2013**

	2014	2013
Changes in unrestricted net assets		
Public support and revenue		
Membership dues		
Individuals	\$ 26,330	\$ 19,720
Universities	10,931	14,815
Institutional, academic and professional	12,653	14,279
Total membership dues	49,914	48,814
World congress of accounting educators and researchers abstracts conference	44,567	-
Interest income	1,296	1,245
Miscellaneous income	1,421	-
Net assets released from restrictions	227,817	246,652
Total public support and revenue	325,015	296,711
Expenses		
Program expenses		
Member services	26,196	27,010
Meetings and conferences	18,235	29,338
Research projects	196,620	208,667
Total program expenses	241,051	265,015
Support expense		
Management and general	39,131	39,011
Total expenses	280,182	304,026
Change in unrestricted net assets	44,833	(7,315)
Changes in temporarily restricted net assets		
Public support and revenue		
Grants received	217,255	219,516
Net assets released from restrictions	(227,817)	(246,652)
Change in temporarily restricted net assets	(10,562)	(27,136)
Change in net assets	\$ 34,271	\$ (34,451)

See Notes to Financial Statements.

International Association for
Accounting Education and Research

Statements of Changes in Net Assets - Cash Basis
Years Ended December 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	Total
Balance, January 1, 2013	\$ 227,489	\$ 345,531	\$ 573,020
Change in net assets	(7,315)	(27,136)	(34,451)
Balance, December 31, 2013	220,174	318,395	538,569
Change in net assets	44,833	(10,562)	34,271
Balance, December 31, 2014	\$ 265,007	\$ 307,833	\$ 572,840

See Notes to Financial Statements.

**International Association for
Accounting Education and Research**

Notes to Financial Statements – Cash Basis

Note 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 6, 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. IAAER records donations at the time of receipt. Donations are classified as follows:

Unrestricted funds: include funds, which impose no restrictions on IAAER as to the use or purpose. Such funds are expended for charitable purposes as deemed appropriate by the organization.

Temporarily restricted funds: include funds whose use by IAAER has been limited by donors to a specific time, period, or purpose.

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 or changes in net assets on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America.

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 limitations of the law.

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

Membership dues: Membership dues are recorded and earned when payment is received. Memberships are annual, beginning when an individual member or group join, and are non-refundable once payment is submitted.

Note 2. Cash

IAAER maintains cash accounts, consisting of checking and savings accounts, at financial institutions which sometimes exceeds the federally insured limit of \$250,000 by the Federal Deposit Insurance Corporation. IAAER manages this risk by utilizing two separate financial institutions.

Note 3. Certificates of Deposit

IAAER maintained an 18 month renewable certificate of deposit with Bank of America, originating on March 8, 2012, maturing March 8, 2015 and was not renewed. Interest on the certificate of deposit was 0.15% for the term with no penalty on withdrawal.

Note 4. Concentrations of Public Support and Revenue

Three supporters accounted for approximately 70% and two supporters accounted for 81% of IAAER's public support and revenues for the years ended December 31, 2014 and 2013, respectively.

**International Association for
Accounting Education and Research**

Notes to Financial Statements – Cash Basis

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets represent unused research grants as follows for the years ended December 31:

	2014	2013
KPMG IASB grant	\$ 109,140	\$ 152,585
KPMG IAASB grant	67,032	75,004
KPMG eIFRS and Website grant	31,369	14,065
KPMG Diversity grant	12,249	2,749
ACCA developing research skills grant	34,646	30,505
ACCA Other Temporarily Restricted	16,634	25,199
Deloitte Scholars	36,763	18,288
	<u>\$ 307,833</u>	<u>\$ 318,395</u>

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

Note 6. Subsequent Events

In November of 2014, IAAER sponsored the World Congress of Accounting Educators and Researchers Abstracts held in Florence, Italy. Revenues of \$44,567 were collected from outside sponsors with associated expenses of \$2,909 recognized in 2014. The remaining obligation for this event was \$34,236, recognized in March 2015. Management has allocated their remaining funds of \$7,422 after the 2015 obligations were satisfied, to be applied towards the 2018 World Congress of Accounting Educators and Researchers Abstracts conference.

Management of IAAER has reviewed and evaluated subsequent events from December 31, 2014, the financial statement date, through June 18, 2015, the date the financial statements were available to be issued.

Supplementary Information

**International Association for
Accounting Education and Research**

**Grants Received - Cash Basis
Years Ended December 31, 2014 and 2013**

	2014	2013
Association of Chartered Certified Accountants (ACCA)		
International Auditing and Assurance Standard Board (IAASB) grant	\$ -	\$ 675
Developing research skills grant	24,755	22,491
Seed grant	-	23,479
KPMG		
International Accounting Standards Board (IASB) grant	25,000	30,000
eIFRS and website grant	43,500	27,871
Diversity grant	10,000	5,000
International Auditing and Assurance Standard Board (IAASB) grant	64,000	60,000
Deloitte		
Deloitte Scholars Fund	50,000	50,000
Total grants received	\$ 217,255	\$ 219,516

**International Association for
Accounting Education and Research**

**Program and Support Expenses - Cash Basis
Year Ended December 31, 2014**

	Program				Total
	Member Services	Meetings and Conferences	Research Projects	Management and General	
Academic research team grants	\$ -	\$ -	\$ 196,620	\$ -	\$ 196,620
World Congress conference		2,909		-	2,909
Website costs	3,636				3,636
Travel		15,326			15,326
Research database (eIFRS)	22,560				22,560
Office expense				1,046	1,046
Contract services				25,000	25,000
Professional fees				10,432	10,432
Bank fees				1,911	1,911
Miscellaneous Expense				742	742
Total program and support expenses	\$ 26,196	\$ 18,235	\$ 196,620	\$ 39,131	\$ 280,182

**International Association for
Accounting Education and Research**

**Program and Support Expenses - Cash Basis
Year Ended December 31, 2013**

	Program				Total
	Member Services	Meetings and Conferences	Research Projects	Management and General	
Academic research team grants	\$ -	\$ -	\$ 208,667	\$ -	\$ 208,667
Website costs	7,153				7,153
Travel		29,338			29,338
Research database (eIFRS)	19,857				19,857
Office expense				1,507	1,507
Contract services				25,000	25,000
Professional fees				10,346	10,346
Bank fees				2,158	2,158
Total program and support expenses	\$ 27,010	\$ 29,338	\$ 208,667	\$ 39,011	\$ 304,026