

# **International Association for Accounting Education and Research**

Cash Basis Financial Report  
December 31, 2018

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## Independent Auditor's Report

Executive Committee  
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 statements of assets and net assets – cash basis as of December 31, 2018 and 2017 and the related statements of support, revenue and expenses – cash basis, and changes in net assets – cash basis for the years then ended, and the related notes to the financial statements – cash basis.

### 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 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 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.

### 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, 2018 and 2017 and its revenue collected and expenses paid during the years 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 audits were conducted for the purpose of forming an opinion of the financial statements 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 has been subjected to the auditing procedures applied in the audits 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.

*RSM US LLP*

Dayton, Ohio  
May 2, 2019

**International Association for  
Accounting Education and Research**

**Statements of Assets and Net Assets  
Cash Basis  
December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash	<b>\$ 544,864</b>	<b>\$ 470,416</b>
<b>Net Assets</b>		
Without donor restrictions - general	<b>\$ 283,895</b>	<b>\$ 254,655</b>
Without donor restrictions - designated	<b>44,415</b>	<b>25,094</b>
With donor restrictions	<b>216,554</b>	<b>190,667</b>
<b>Total net assets</b>	<b>\$ 544,864</b>	<b>\$ 470,416</b>

See notes to financial statements.

**International Association for  
Accounting Education and Research**

**Statements of Support, Revenue and Expenses  
Cash Basis  
Years Ended December 31, 2018 and 2017**

	2018	2017
Changes in net assets without donor restrictions:		
Public support and revenue:		
Membership dues:		
Individuals	\$ 32,745	\$ 21,491
Universities	18,128	8,628
Institutional, academic and professional	9,725	10,900
<b>Total membership dues</b>	<b>60,598</b>	41,019
World congress of accounting educators and researchers conference	115,120	-
Meetings and conference income	827	10,521
Interest income	182	787
Contributions	508	5,000
Net assets released from restrictions	89,872	101,521
<b>Total public support and revenue</b>	<b>267,107</b>	158,848
Expenses:		
Program expenses:		
Member services	23,210	32,557
Meetings and conferences	105,158	13,615
Research projects	59,832	63,964
<b>Total program expenses</b>	<b>188,200</b>	110,136
Support expense:		
Management and general	30,346	30,568
<b>Total expenses</b>	<b>218,546</b>	140,704
<b>Change in net assets without donor restrictions</b>	<b>48,561</b>	18,144
Changes in net assets with donor restrictions:		
Public support and revenue:		
Grants received	115,759	58,816
Net assets released from restrictions	(89,872)	(101,521)
<b>Change in net assets with donor restrictions</b>	<b>25,887</b>	(42,705)
	<b>\$ 74,448</b>	<b>\$ (24,561)</b>

**International Association for  
Accounting Education and Research**

**Statements of Changes in Net Assets  
Cash Basis**

**Years Ended December 31, 2018 and 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, January 1, 2017	\$ 261,605	\$ 233,372	\$ 494,977
Change in net assets	18,144	(42,705)	(24,561)
Balance, December 31, 2017	279,749	190,667	470,416
Change in net assets	48,561	25,887	74,448
<b>Balance, December 31, 2018</b>	<b>\$ 328,310</b>	<b>\$ 216,554</b>	<b>\$ 544,864</b>

See notes to financial statements.

**International Association for  
Accounting Education and Research**

**Notes to Financial Statements  
Cash Basis**

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**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.

**Basis of presentation:** The accompanying financial statements are prepared on the cash basis of accounting; 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.

IAAER is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are free of donor imposed restrictions as well as net assets designated by the Executive Committee.

Net assets with donor restrictions include net assets from grants, contributions, investment income or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of IAAER.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor imposed restrictions. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of support, revenue and expenses as net assets released from restrictions.

**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 joins, 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 exceed the federally insured limit of \$250,000 by the Federal Deposit Insurance Corporation. IAAER manages this risk by utilizing two separate financial institutions.



**International Association for  
Accounting Education and Research**

**Notes to Financial Statements  
Cash Basis**

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**Note 3. Concentrations of Public Support and Revenue**

Two supporters accounted for approximately 40% and 51% of IAAER's public support and revenues for the years ended December 31, 2018 and 2017, respectively.

**Note 4. Net Assets With Donor Restrictions**

Net assets with donor restrictions represent unused research grants as follows for the years ended December 31:

	2018	2017
KPMG IASB grant	\$ 44,443	\$ 21,110
KPMG eIFRS and website grant	41,898	35,108
KPMG diversity grant	15,696	17,362
ACCA developing research skills grant	50,522	49,797
ACCA other	12,934	15,834
Deloitte scholars	51,061	51,456
<b>Total net assets with donor restrictions</b>	<b>\$ 216,554</b>	<b>\$ 190,667</b>

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

**Note 5. Recent Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. Effective January 1, 2018, IAAER adopted this standard, which did not have a material impact to the financial statements.

**International Association for  
Accounting Education and Research**

**Notes to Financial Statements  
Cash Basis**

**Note 6. Functional Classification of Expenses**

Expenses classified by natural classification for the years ended December 31, 2018 and 2017, are summarized as follows:

	2018					
	Program Services				Management and General	Total Expenses
	Member Services	Meetings and Conferences	Research Projects	Total Program		
Academic research team grants	\$ -	\$ -	\$ 59,832	\$ 59,832	\$ -	\$ 59,832
World congress conference	-	96,746	-	96,746	-	96,746
Meetings and conferences	-	3,710	-	3,710	-	3,710
Travel	-	4,702	-	4,702	-	4,702
Research database (eIFRS)	23,210	-	-	23,210	-	23,210
Contract services	-	-	-	-	15,236	15,236
Professional fees	-	-	-	-	12,259	12,259
Bank fees	-	-	-	-	2,851	2,851
<b>Total expenses</b>	<b>\$ 23,210</b>	<b>\$ 105,158</b>	<b>\$ 59,832</b>	<b>\$ 188,200</b>	<b>\$ 30,346</b>	<b>\$ 218,546</b>

  

	2017					
	Program Services				Management and General	Total Expenses
	Member Services	Meetings and Conferences	Research Projects	Total Program		
Academic research team grants	\$ -	\$ -	\$ 63,964	\$ 63,964	\$ -	\$ 63,964
Meetings and conferences	-	5,050	-	5,050	-	5,050
Travel	-	8,565	-	8,565	-	8,565
Research database (eIFRS)	32,557	-	-	32,557	-	32,557
Office expense	-	-	-	-	621	621
Contract services	-	-	-	-	16,557	16,557
Professional fees	-	-	-	-	12,046	12,046
Bank fees	-	-	-	-	1,344	1,344
<b>Total expenses</b>	<b>\$ 32,557</b>	<b>\$ 13,615</b>	<b>\$ 63,964</b>	<b>\$ 110,136</b>	<b>\$ 30,568</b>	<b>\$ 140,704</b>

The cost of providing IAAER's programs and other activities is summarized on a functional basis in the statements of support, revenue and expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of IAAER.

**International Association for  
Accounting Education and Research**

**Notes to Financial Statements  
Cash Basis**

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**Note 7. Liquidity and Availability**

The table below represents financial assets available for general expenditures within one year of December 31, 2018:

Financial assets at year-end:	
Cash	<u>\$ 544,864</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	216,554
Net assets without donor restrictions - designated	<u>44,415</u>
<b>Financial assets not available to be used within one year</b>	<u>260,969</u>
<b>Financial assets available to meet general expenditures within one year</b>	<u><u>\$ 283,895</u></u>

IAAER regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

The above table reflects board-designated net assets as unavailable because it is IAAER's intention to invest those resources for the long-term support of IAAER. However, in the case of need, the Executive Committee could appropriate resources from its designated funds.

**Note 8. Subsequent Events**

Management of IAAER has evaluated subsequent events for potential recognition and/or disclosure through May 2, 2019, the date the financial report was available to be issued.

## **Supplementary Information**

**International Association for  
Accounting Education and Research**

**Grants Received**

**Cash Basis**

**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
Association of Chartered Certified Accountants (ACCA):		
Developing research skills grant	<b>\$ 20,393</b>	\$ 29,816
KPMG:		
eIFRS and website grant	<b>30,000</b>	29,000
Diversity grant	<b>5,370</b>	-
IASB grant	<b>59,996</b>	-
<b>Total grants received</b>	<b><u>\$ 115,759</u></b>	<b><u>\$ 58,816</u></b>