

International Association for Accounting Education and Research

Cash Basis Financial Report
December 31, 2019



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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, 2019 and 2018 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, 2019 and 2018 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 22, 2020

**International Association for
Accounting Education and Research**

**Statements of Assets and Net Assets
Cash Basis
December 31, 2019 and 2018**

	2019	2018
Assets		
Cash	<u><u>\$ 478,637</u></u>	<u><u>\$ 544,864</u></u>
Net Assets		
Without donor restrictions - general	\$ 283,645	\$ 283,895
Without donor restrictions - designated	25,246	44,415
With donor restrictions	<u>169,746</u>	216,554
Total net assets	<u><u>\$ 478,637</u></u>	<u><u>\$ 544,864</u></u>

See notes to financial statements.

**International Association for
Accounting Education and Research**

**Statements of Support, Revenue and Expenses
Cash Basis
Years Ended December 31, 2019 and 2018**

	2019	2018
Changes in net assets without donor restrictions:		
Public support and revenue:		
Membership dues:		
Individuals	\$ 17,983	\$ 32,745
Universities	8,878	18,128
Institutional, academic and professional	4,728	9,725
Total membership dues	31,589	60,598
World congress of accounting educators and researchers conference	-	115,120
Meetings and conference income	-	827
Interest income	181	182
Contributions	1,002	508
Net assets released from restrictions	160,509	89,872
Total public support and revenue	193,281	267,107
Expenses:		
Program expenses:		
Member services	36,297	23,210
Meetings and conferences	15,991	105,158
Research projects	124,210	59,832
Total program expenses	176,498	188,200
Support expense:		
Management and general	36,202	30,346
Total expenses	212,700	218,546
Change in net assets without donor restrictions	(19,419)	48,561
Changes in net assets with donor restrictions:		
Public support and revenue:		
Grants received	113,701	115,759
Net assets released from restrictions	(160,509)	(89,872)
Change in net assets with donor restrictions	(46,808)	25,887
Change in net assets	\$ (66,227)	\$ 74,448

See notes to financial statements.

**International Association for
Accounting Education and Research**

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

Years Ended December 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, January 1, 2018	\$ 279,749	\$ 190,667	\$ 470,416
Change in net assets	48,561	25,887	74,448
Balance, December 31, 2018	328,310	216,554	544,864
Change in net assets	(19,419)	(46,808)	(66,227)
Balance, December 31, 2019	\$ 308,891	\$ 169,746	\$ 478,637

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.

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**

Note 3. Concentrations of Public Support and Revenue

Two supporters accounted for approximately 78% and 40% of IAAER's public support and revenues for the years ended December 31, 2019 and 2018, 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:

	2019	2018
KPMG IASB grant	\$ 3,937	\$ 44,443
KPMG eIFRS and website grant	35,601	41,898
KPMG diversity grant	18,528	15,696
ACCA developing research skills grant	49,606	50,522
ACCA other	12,934	12,934
Deloitte scholars	49,140	51,061
Total net assets with donor restrictions	<u>\$ 169,746</u>	<u>\$ 216,554</u>

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

**International Association for
Accounting Education and Research**

**Notes to Financial Statements
Cash Basis**

Note 5. Functional Classification of Expenses

Expenses classified by natural classification for the years ended December 31, 2019 and 2018, are summarized as follows:

	2019					
	Program Services				Management and General	Total Expenses
	Member Services	Meetings and Conferences	Research Projects	Total Program		
Academic research team grants	\$ -	\$ -	\$ 124,210	\$ 124,210	\$ -	\$ 124,210
Meetings and conferences	-	9,169	-	9,169	-	9,169
Travel	-	6,822	-	6,822	-	6,822
Research database (eIFRS)	36,297	-	-	36,297	-	36,297
Contract services	-	-	-	-	22,461	22,461
Professional fees	-	-	-	-	12,436	12,436
Bank fees	-	-	-	-	1,305	1,305
Total expenses	\$ 36,297	\$ 15,991	\$ 124,210	\$ 176,498	\$ 36,202	\$ 212,700

	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
Total expenses	\$ 23,210	\$ 105,158	\$ 59,832	\$ 188,200	\$ 30,346	\$ 218,546

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**

Note 6. Liquidity and Availability

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

	2019	2018
Financial assets at year-end:		
Cash	\$ 478,637	\$ 544,864
Less amounts not available to be used within one year:		
Net assets with donor restrictions	169,746	216,554
Net assets without donor restrictions - designated	25,246	44,415
Financial assets not available to be used within one year	194,992	260,969
Financial assets available to meet general expenditures within one year	<u>\$ 283,645</u>	<u>\$ 283,895</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 7. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 to be a pandemic. The impact of COVID-19 could negatively impact the Organization's operations, suppliers, or other vendors and customers. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates.

Management of IAAER has evaluated subsequent events for potential recognition and/or disclosure through May 22, 2020, 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, 2019 and 2018

	2019	2018
Association of Chartered Certified Accountants (ACCA):		
Developing research skills grant	\$ 18,705	\$ 20,393
KPMG:		
eIFRS and website grant	30,000	30,000
Diversity grant	5,000	5,370
IASB grant	59,996	59,996
Total grants received	\$ 113,701	\$ 115,759