

International Association for Accounting Education and Research

Cash Basis Financial Report
December 31, 2021

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Independent Auditor's Report

Executive Committee
International Association for
Accounting Education and Research
Chicago, Illinois

Opinion

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 arising from cash transactions as of December 31, 2021 and 2020 and the related statements of revenue collected and expenses paid, and changes in net assets for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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, 2021 and 2020, 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 for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the International Association for Accounting Education and Research and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 the International Association for Accounting Education and Research's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the International Association for Accounting Education and Research's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on 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 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
April 15, 2022

**International Association for
Accounting Education and Research**

**Statements of Assets and Net Assets
Cash Basis
December 31, 2021 and 2020**

	2021	2020
Assets		
Cash	<u><u>\$ 541,494</u></u>	<u><u>\$ 552,523</u></u>
Net Assets		
Without donor restrictions - general	\$ 310,851	\$ 303,489
Without donor restrictions - designated	<u>25,246</u>	<u>25,246</u>
Total net assets without donor restrictions	<u>336,097</u>	<u>328,735</u>
With donor restrictions	<u>205,397</u>	<u>223,788</u>
Total net assets	<u><u>\$ 541,494</u></u>	<u><u>\$ 552,523</u></u>

See notes to financial statements.

**International Association for
Accounting Education and Research**

Statements of Revenue Collected and Expenses Paid

Cash Basis

Years Ended December 31, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions:		
Public support and revenue:		
Membership dues:		
Individuals	\$ 9,015	\$ 17,265
Universities	14,868	13,932
Institutional, academic and professional	4,250	6,478
Total membership dues	28,133	37,675
Interest income	55	86
Contributions	-	100
Net assets released from restrictions	78,385	55,452
Total public support and revenue	106,573	93,313
Expenses:		
Program expenses:		
Member services	22,035	27,752
Meetings and conferences	500	2,851
Research projects	56,000	27,000
Total program expenses	78,535	57,603
Support expense:		
Management and general	20,676	15,866
Total expenses	99,211	73,469
Change in net assets without donor restrictions	7,362	19,844
Changes in net assets with donor restrictions:		
Public support and revenue:		
Grants received	59,994	109,494
Net assets released from restrictions	(78,385)	(55,452)
Change in net assets with donor restrictions	(18,391)	54,042
Change in net assets	\$ (11,029)	\$ 73,886

See notes to financial statements.

**International Association for
Accounting Education and Research**

Statements of Changes in Net Assets

Cash Basis

Years Ended December 31, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, January 1, 2020	\$ 308,891	\$ 169,746	\$ 478,637
Change in net assets	19,844	54,042	73,886
Balance, December 31, 2020	328,735	223,788	552,523
Change in net assets	7,362	(18,391)	(11,029)
Balance, December 31, 2021	\$ 336,097	\$ 205,397	\$ 541,494

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.

IAAER has evaluated its tax positions and concluded that IAAER has taken no uncertain tax positions that require adjustment to the financial statements. IAAER is no longer subject to tax examination by the Internal Revenue Service for years before 2018. IAAER has no examinations in process.

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.

Subsequent events: Management of IAAER has evaluated subsequent events for potential recognition and/or disclosure through April 15, 2022, the date the financial report was available to be issued.

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 68% and 74% of IAAER's public support and revenues for the years ended December 31, 2021 and 2020, 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:

	2021	2020
KPMG IASB grant	\$ 41,927	\$ 37,933
KPMG eIFRS and website grant	15,814	37,849
KPMG diversity grant	17,478	17,828
ACCA developing research skills grant	68,104	68,104
ACCA other	12,934	12,934
Deloitte scholars	49,140	49,140
Total net assets with donor restrictions	<u>\$ 205,397</u>	<u>\$ 223,788</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 5. Functional Classification of Expenses

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

	2021					
	Program Services					
	Member Services	Meetings and Conferences	Research Projects	Total Program	Management and General	Total Expenses
Academic research team grants	\$ -	\$ -	\$ 56,000	\$ 56,000	\$ -	\$ 56,000
Travel	-	500	-	500	-	500
Research database (eIFRS)	22,035	-	-	22,035	-	22,035
Contract services	-	-	-	-	6,757	6,757
Professional fees	-	-	-	-	13,040	13,040
Bank fees	-	-	-	-	879	879
Total expenses	<u>\$ 22,035</u>	<u>\$ 500</u>	<u>\$ 56,000</u>	<u>\$ 78,535</u>	<u>\$ 20,676</u>	<u>\$ 99,211</u>
	2020					
	Program Services					
	Member Services	Meetings and Conferences	Research Projects	Total Program	Management and General	Total Expenses
Academic research team grants	\$ -	\$ -	\$ 27,000	\$ 27,000	\$ -	\$ 27,000
Travel	-	2,851	-	2,851	-	2,851
Research database (eIFRS)	27,752	-	-	27,752	-	27,752
Contract services	-	-	-	-	1,816	1,816
Professional fees	-	-	-	-	12,771	12,771
Bank fees	-	-	-	-	1,279	1,279
Total expenses	<u>\$ 27,752</u>	<u>\$ 2,851</u>	<u>\$ 27,000</u>	<u>\$ 57,603</u>	<u>\$ 15,866</u>	<u>\$ 73,469</u>

**International Association for
Accounting Education and Research**

**Notes to Financial Statements
Cash Basis**

Note 5. Functional Classification of Expenses (Continued)

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.

Note 6. Liquidity and Availability

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

	2021	2020
Financial assets at year-end:		
Cash	\$ 541,494	\$ 552,523
Less amounts not available to be used within one year:		
Net assets with donor restrictions	205,397	223,788
Net assets without donor restrictions - designated	25,246	25,246
Financial assets not available to be used within one year	230,643	249,034
Financial assets available to meet general expenditures within one year	\$ 310,851	\$ 303,489

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. Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. 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 IAAER operates. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to IAAER.

Supplementary Information

**International Association for
Accounting Education and Research**

Grants Received

Cash Basis

Years Ended December 31, 2021 and 2020

	2021	2020
Association of Chartered Certified Accountants (ACCA):		
Developing research skills grant	\$ -	\$ 18,498
KPMG:		
eIFRS and website grant	-	30,000
IASB grant	59,994	60,996
Total grants received	\$ 59,994	\$ 109,494