

INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS WITH FUND BALANCE

(Years Ending December 31, 2005; 2004; and 2003)

	Year 2005			Year 2004			Year 2003	
	Europe (€)	Europe	U.S.A.	Total	Europe	U.S.A.	Total	
REVENUES								
Membership Dues								
Individual and special	€ 80	\$94	\$755	\$849		\$7,100	\$7,100	\$15,536
Institutional	€ 1,115	\$1,316	\$10,841	\$12,157	\$1,729	\$9,100	\$10,829	\$14,134
Institutional (supported by KPMG)								\$8,250
Affiliate								\$100
Other Revenue								
Interest	€ 321	\$379	\$334	\$713	\$192		\$192	\$206
Miscellaneous					\$220		\$220	\$8
Conferences								
9th World Congress - Hong Kong								\$11,580
Grants								
ACCA								\$10,000
KPMG - Diversity			\$3,150	\$3,150		\$1,900	\$1,900	
KPMG - RFP			\$57,500	\$57,500				
Total Revenues	€ 1,516	\$1,789	\$72,580	\$74,369	\$2,142	\$18,100	\$20,242	\$59,814
EXPENSES								
Membership Services								
Website			\$2,462	\$2,462		\$674	\$674	\$1,424
Newsletter						\$675	\$675	
COSMOS Accountancy Chronicle						\$574	\$574	\$651
Fees for non-profit filing								\$1,421
Bank fees	€ 57	\$67	\$334	\$401	\$59	\$434	\$493	\$483
Legal fees			\$862	\$862				
Other	€ 60	\$71	\$2,741	\$2,812		\$195	\$195	\$1,000
Research projects								
RFP - Research grants and workshops	€ 3,675	\$4,337	\$45,292	\$49,629				
Conferences								
4th Biennial Conference - Durban						\$7,186	\$7,186	
International Research Conference - Bordeaux			\$1,235	\$1,235				
Committees								
Travels	€ 1,877	\$2,215	\$1,632	\$3,847	\$3,369	\$2,670	\$6,040	\$2,984
Meetings	€ 812	\$958	\$573	\$1,531	\$757	\$2,254	\$3,011	\$1,627
Total Expenses	€ 6,481	\$7,648	\$55,131	\$62,779	\$4,186	\$14,662	\$18,848	\$9,591
EXCESS OF REVENUES OVER EXPENSES	-€ 4,965	-\$5,859	\$17,449	\$11,590	-\$2,044	\$3,438	\$1,394	\$50,224
FUND BALANCE - Beginning of year								
	€ 21,431	\$29,146	\$63,057	\$92,203	\$27,521	\$59,619	\$87,140	\$33,139
Excess of revenues over expenses	-€ 4,965	-\$5,859	\$17,449	\$11,590	-\$2,044	\$3,438	\$1,394	\$50,224
Exchange rate difference		-\$3,858		-\$3,858	\$3,669		\$3,669	\$3,777
FUND BALANCE - End of year	€ 16,466	\$19,430	\$80,506	\$99,936	\$29,146	\$63,057	\$92,203	\$87,140
Fund balance consisting of -								
Cash in bank - U.S.			\$35,506	\$35,506		\$63,057	\$63,057	\$59,619
Cash in bank - Europe	€ 16,466	\$19,430		\$19,430	\$29,146		\$29,146	\$27,521
Certificates of deposit			\$45,000	\$45,000				
FUND BALANCE - End of year	€ 16,466	\$19,430	\$80,506	\$99,936	\$29,146	\$63,057	\$92,203	\$87,140

The accompanying notes are an integral part of the financial statements.

Automatic rounding may result in small rounding differences.

INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS (Years Ending December 31, 2005; 2004; and 2003)

DESCRIPTION OF ORGANIZATION

The International Association for Accounting Education and Research (IAAER) is a global not-for-profit organization. It is registered as a not-for-profit corporation in the State of Illinois, U.S.A.

The mission of IAAER is to promote excellence in accounting education and research on a worldwide basis and to maximize the contribution of accounting academics to the development and maintenance of high quality, globally recognized standards of accounting practice.

IAAER carries out this mission by engaging in the following activities:

- Bringing an objective, research-based, academic voice to the development and approval process of international accounting and auditing standards through its relationships with various international bodies.
- Participating in the development of International Accounting Education Standards through its representation on the International Accounting Education Standards Board (IAESB) of the International Federation of Accountants (IFAC).
- Communicating with its individual members and academic and professional association members through the IAAER website (<http://www.iaaer.org>), IAAER newsletter, COSMOS Accountancy Chronicle, and other means.
- Continuing its support of the official journals of IAAER, the Journal of International Financial Management and Accounting (official research journal) and Accounting Education: An International Journal (official education journal).
- Co-hosting international accounting conferences (for example, the Fourth Biennial International Accounting Conference in South Africa in 2004) and supporting the development of regional conferences on accounting education and research by working cooperatively with national and regional academic accounting organizations (for example, the International Research Conference in France in 2005).
- Promoting communication on educational issues among professional associations through conferences for education directors.
- Expanding membership of both individual members and academic and professional association members.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting. Under that basis, the only assets recognized are cash and cash equivalents and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because no accruals are recognized in the financial statements. In particular, outstanding dues unpaid at the reporting date are not shown in the financial statements.

CURRENCY TRANSLATION

The organization keeps accounts in U.S. Dollars (the reporting currency) and in Euros. Euros are translated to U.S. Dollars at the closing rate of 1.18 in 2005 (1.36 in 2004; 1.20 for 2003). The exchange rate difference in the fund balance is the difference in the closing rates between the beginning and end of the year applied to the beginning balance of the Euro account.

MEMBERSHIP DUES

As of December 31, 2005 IAAER had 763 individual members and 46 institutional members (December 31, 2004: 708 individual and 41 institutional members; December 31, 2003: 639 individual and 48 institutional members).

Membership dues in 2005 (2004) consisted of 14 (58) three-year individual membership dues at \$45 each, 43 (some 300) special one-year membership dues, and 35 (29) institutional membership dues at \$350 each. It is the policy of the Executive Committee to waive the membership fee for institutional members in cases where it is difficult or impossible to obtain or transfer funds.

GRANTS

In 2005, the organization received a grant of \$57,500 from KPMG to sponsor academic research in Reporting Financial Performance (RFP). It used \$49,629 for research grants and to support workshops in which research results were discussed. Other grants were given for diverse purposes, including the support of members in developing countries to attend conferences.

INVESTMENT OF CASH

In 2005 the organization invested cash not required for current operations in two Certificates of Deposit (2004: \$0; 2003: \$0), consisting of \$20,000 with maturity date August 2006 (interest rate 2.6% per year) and \$25,000 with August 2007 (interest rate 3.2% per year).

COMMITMENTS

In 2005 there were no contractual commitments. In 2004 the organization was committed to support the 4th Biennial International Accounting Conference in South Africa with the amount of \$5,000 if needed.

Alain MIKOL

Commissaire aux comptes inscrit à la compagnie régionale de Paris (France)

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REPORT OF INDEPENDENT ACCOUNTANT

Executive Committee

International Association for Accounting Education and Research (IAAER)

We have audited the accompanying statements of cash receipts and disbursements of the International Association for Accounting Education and Research for the year ended December 31, 2005. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the ISAs stated by the IFAC. 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 audits provide a reasonable basis for our opinion.

As described in the summary of significant accounting policies, these financial statements have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than IFRS stated by the IASB.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the International Association for Accounting Education and Research for the year ended December 31, 2005, on the basis of accounting described in the summary of significant accounting policies.



Paris (France)
March 3th, 2006