

# INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND RESEARCH

## STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS WITH FUND BALANCE

(Years Ending December 31, 2006; 2005; and 2004)

	Year 2006				Year 2005			Year 2004
	Europe (€)	Europe	U.S.A.	Total	Europe	U.S.A.	Total	Total
<b>RECEIPTS</b>								
<b>Membership Dues</b>								
Individual and special	€ 200	\$264	\$18,200	\$18,464	\$94	\$755	\$849	\$7,100
University			\$1,750	\$1,750				
Institutional	€ 1,160	\$1,531	\$10,125	\$11,656	\$1,316	\$10,841	\$12,157	\$10,829
<b>Other Revenue</b>								
Interest	€ 287	\$379	\$1,203	\$1,582	\$379	\$334	\$713	\$192
Miscellaneous								\$220
<b>Conferences</b>								
Congress - Bordeaux	€ 3,000	\$3,960		\$3,960				
<b>Grants</b>								
Diversity (KPMG)						\$3,150	\$3,150	\$1,900
RFP (KPMG)			\$87,500	\$87,500		\$57,500	\$57,500	
DRML (KPMG)			\$160,000	\$160,000				
<b>Total Revenues</b>	<b>€ 4,647</b>	<b>\$6,134</b>	<b>\$278,778</b>	<b>\$284,912</b>	<b>\$1,789</b>	<b>\$72,580</b>	<b>\$74,369</b>	<b>\$20,242</b>
<b>DISBURSEMENTS</b>								
<b>Operations</b>								
Website and newsletters						\$2,462	\$2,462	\$1,923
Receptions			\$1,548	\$1,548				
Travels			\$5,343	\$5,343	\$2,215	\$1,632	\$3,847	\$6,040
Meetings	€ 653	\$862		\$862	\$958	\$573	\$1,531	\$3,011
Bank fees	€ 26	\$34	\$713	\$747	\$67	\$334	\$401	\$493
Legal fees			\$15	\$15		\$862	\$862	
Other	€ 321	\$424	\$2,217	\$2,641	\$71	\$2,741	\$2,812	\$195
<b>Conferences</b>								
4th Biennial Conference - Durban								\$7,186
International Research Conference - Bordeaux						\$1,235	\$1,235	
10th World Congress - Istanbul			\$1,947	\$1,947				
<b>Research projects</b>								
RFP (KPMG) research grants, workshops	€ 670	\$884	\$80,438	\$81,323	\$4,337	\$45,292	\$49,629	
<b>Total Expenses</b>	<b>€ 1,670</b>	<b>\$2,204</b>	<b>\$92,221</b>	<b>\$94,425</b>	<b>\$7,648</b>	<b>\$55,131</b>	<b>\$62,779</b>	<b>\$18,848</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>€ 2,977</b>	<b>\$3,930</b>	<b>\$186,557</b>	<b>\$190,487</b>	<b>-\$5,859</b>	<b>\$17,449</b>	<b>\$11,590</b>	<b>\$1,394</b>
<b>FUND BALANCE - Beginning of year</b>	<b>€ 16,466</b>	<b>\$19,430</b>	<b>\$80,506</b>	<b>\$99,936</b>	<b>\$29,146</b>	<b>\$63,057</b>	<b>\$92,203</b>	<b>\$87,140</b>
Excess of revenues over expenses	€ 2,977	\$3,930	\$186,557	\$190,487	-\$5,859	\$17,449	\$11,590	\$1,394
Exchange rate difference		\$2,305		\$2,305	-\$3,858		-\$3,858	\$3,669
<b>FUND BALANCE - End of year</b>	<b>€ 19,443</b>	<b>\$25,665</b>	<b>\$267,063</b>	<b>\$292,728</b>	<b>\$19,430</b>	<b>\$80,506</b>	<b>\$99,936</b>	<b>\$92,203</b>
Fund balance consisting of -								
Cash in bank - U.S.A.			\$92,063	\$92,063		\$35,506	\$35,506	\$63,057
Cash in bank - Europe	€ 19,443	\$25,665		\$25,665	\$19,430		\$19,430	\$29,146
Certificates of deposit			\$175,000	\$175,000		\$45,000	\$45,000	
<b>FUND BALANCE - End of year</b>	<b>€ 19,443</b>	<b>\$25,665</b>	<b>\$267,063</b>	<b>\$292,728</b>	<b>\$19,430</b>	<b>\$80,506</b>	<b>\$99,936</b>	<b>\$92,203</b>
<b>Thereof restricted for research projects</b>	<b>€ 0</b>	<b>\$0</b>	<b>\$168,106</b>	<b>\$168,106</b>	<b>\$0</b>	<b>\$5,394</b>	<b>\$5,394</b>	<b>\$0</b>

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, 2006; 2005; and 2004)

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### 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 Europe (in Euro) and in the U.S.A. (in U.S. Dollars). The cash flows are shown in separate columns. The reporting currency is U.S. Dollars. Euros are translated to U.S. Dollars at the closing rate of 1.32 in 2006 (1.18 in 2005; 1.36 in 2004). 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.

## NOTES TO SPECIFIC ITEMS

### MEMBERSHIP DUES

As of December 31, 2006 IAAER had 906 individual members, 5 university members, which is a new category of membership, and 54 institutional members (December 31, 2005: 763 individual and 46 institutional members; December 31, 2004: 708 individual and 41 institutional members). Membership dues in 2006 (2005 / 2004) consisted of 409 (14 / 58) three-year individual membership dues at \$45 each, 4 (43 / some 300) special one-year membership dues, 5 (0 / 0) three-year university membership dues at \$350 each, and 33 (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 2006 the organization received grants in the amount of \$247,500 (2005: \$57,500) from KPMG to sponsor academic research programs on Reporting Financial Performance (RFP) and on Defining, Recognizing and Measuring Liabilities (DRML). It used \$73,585 (2005: \$49,629) for research grants and to support workshops in which research results were discussed. The rest of these funds are restricted for the research projects.

### INVESTMENT OF CASH

In 2006 the organization invested cash not required for current operations in two Certificates of Deposit consisting of \$100,000 with maturity date November 2007 (interest rate 4.8 % per year) and \$50,000 with August 2007 (interest rate 4.8% per year) (2005: \$25,000 – maturity date August 2007 and interest rate of 3.2% per year; 2004: none).

### OTHER COMMITMENTS

The organization is committed to support the 10<sup>th</sup> World Congress of Accounting Educators 2006 with up to \$3,600 (rounded) (2005: \$10,000), the Globalization Roundtable held in Istanbul 2006 with up to \$5,000 (2005: \$5,000), and the publication of papers presented at the World Congress with up to \$5,000 (2005: \$5,000). In 2004 the organization was committed to support the 4<sup>th</sup> Biennial International Accounting Conference 2004 with the amount of up to \$5,000.

**Alain MIKOL**

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

[a.mikol@laposte.net](mailto:a.mikol@laposte.net)

## 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, 2006. 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, 2006, on the basis of accounting described in the summary of significant accounting policies.



Paris (France)  
March 28<sup>th</sup>, 2007

IAAER, STATEMENTS OF REVENUES COLLECTED AND EXPENSES PAID AND  
FUND BALANCE

Main figures in US dollars (years ended December 31) :

	2005	2006
Total revenues	74.369	284.912
Total expenses	<u>(62.779)</u>	<u>(94.425)</u>
Excess of revenues (or expenses)	11.590	190.487
Fund balance, beginning of year	92.203	99.936
Exchange rate change adjustment (*)	<u>(3.858)</u>	<u>2.305</u>
Fund balance, beginning of year, after adjustment	88.345	102.241
Fund balance, end of year	99.936	292.728
Fund balance consists in :		
Certificates of deposits	45.000	175.000
Cash in banks US (Bank of America)	35.506	92.063
Cash in banks Austria (Hypo Steiermark)	<u>19.430</u>	<u>25.665</u>
	<u>99.936</u>	<u>292.728</u>
<i>Cash in banks Austria (Hypo Steiermark)</i>	<i>16.466 €</i>	<i>19.443 €</i>

(\*) € have been translated at the rate of :

1,18 \$ to 1 € in 2005 ; 1,32\$ to 1 € in 2006

16.466 € (balance, beginning of the year) x (1,32 - 1,18) = 2.305 \$

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

**INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION AND  
RESEARCH**  
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