

International Association for Accounting Education and Research

Cash Basis Financial Report
December 31, 2016

Contents

Independent Auditor's Report	1-2
------------------------------	-----

Financial Statements	
Statements of Assets and Net Assets – Cash Basis	3
Statements of Support, Revenue and Expenses – Cash Basis	4
Statements of Changes in Net Assets – Cash Basis	5
Notes to Financial Statements – Cash Basis	6-7

Supplementary Information	
Grants Received – Cash Basis	8
Program and Support Expenses – Cash Basis – 2016	9
Program and Support Expenses – Cash Basis – 2015	10

Independent Auditor's Report

Board of Directors
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, 2016 and 2015 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.

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, 2016 and 2015 and its revenue collected and expenses paid during the years then ended in accordance with the cash basis of accounting described in Note 1.

Independent Auditor's Report (Continued)

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
April 18, 2017

**International Association for
Accounting Education and Research**

**Statements of Assets and Net Assets
Cash Basis
December 31, 2016 and 2015**

	2016	2015
<hr/>		
Assets		
Cash	\$ 494,977	\$ 509,513
	<hr/>	
Net Assets		
Unrestricted - general	\$ 246,982	\$ 238,535
Unrestricted - designated	14,623	9,623
Temporarily restricted	233,372	261,355
Total net assets	494,977	509,513
	<hr/>	
Total liabilities and net assets	\$ 494,977	\$ 509,513
	<hr/>	

See notes to financial statements.

**International Association for
Accounting Education and Research**

Statements of Support, Revenue and Expenses

Cash Basis

Years Ended December 31, 2016 and 2015

	2016	2015
Changes in unrestricted net assets:		
Public support and revenue:		
Membership dues:		
Individuals	\$ 21,820	\$ 23,880
Universities	10,280	14,013
Institutional, academic and professional	10,320	11,315
Total membership dues	42,420	49,208
SAAA workshop	5,000	13,650
Interest income	4	29
Net assets released from restrictions	83,426	138,759
Total public support and revenue	130,850	201,646
Expenses:		
Program expenses:		
Member services	17,452	18,752
Meetings and conferences	7,204	53,296
Research projects	65,974	115,007
Total program expenses	90,630	187,055
Support expense:		
Management and general	26,773	31,440
Total expenses	117,403	218,495
Change in unrestricted net assets	13,447	(16,849)
Changes in temporarily restricted net assets:		
Public support and revenue:		
Grants received	55,443	92,281
Net assets released from restrictions	(83,426)	(138,759)
Change in temporarily restricted net assets	(27,983)	(46,478)
Change in net assets	\$ (14,536)	\$ (63,327)

See notes to financial statements.

**International Association for
Accounting Education and Research**

**Statements of Changes in Net Assets
Cash Basis
Years Ended December 31, 2016 and 2015**

	Unrestricted	Temporarily Restricted	Total
Balance, January 1, 2015	\$ 265,007	\$ 307,833	\$ 572,840
Change in net assets	(16,849)	(46,478)	(63,327)
Balance, December 31, 2015	248,158	261,355	509,513
Change in net assets	13,447	(27,983)	(14,536)
Balance, December 31, 2016	\$ 261,605	\$ 233,372	\$ 494,977

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. IAAER records donations at the time of receipt. Donations are classified as follows:

Unrestricted funds: include funds, which impose no restrictions on IAAER as to the use or purpose. Such funds are expended for charitable purposes as deemed appropriate by the organization.

Temporarily restricted funds: include funds whose use by IAAER has been limited by donors to a specific time, period, or purpose.

Cash basis of accounting: IAAER prepares its financial statements substantially on the basis of cash receipts and disbursements; 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.

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

Note 3. Concentrations of Public Support and Revenue

Three supporters accounted for approximately 54% and 59% of IAAER's public support and revenues for the years ended December 31, 2016 and 2015, respectively.

**International Association for
Accounting Education and Research**

**Notes to Financial Statements
Cash Basis**

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets represent unused research grants as follows for the years ended December 31:

	2016	2015
KPMG IASB grant	\$ 70,778	\$ 107,275
KPMG eIFRS and Website grant	38,665	27,117
KPMG Diversity grant	20,691	15,961
ACCA developing research skills grant	35,948	33,264
ACCA Other Temporarily Restricted	15,834	15,834
Deloitte Scholars	51,456	61,904
Total temporarily restricted net assets	\$ 233,372	\$ 261,355

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. The Foundation is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

Note 6. Subsequent Events

Management of IAAER has evaluated subsequent events for potential recognition and/or disclosure through April 18, 2017 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, 2016 and 2015

	2016		2015
Association of Chartered Certified Accountants (ACCA):			
Developing research skills grant	\$ 21,443	\$	22,781
KPMG:			
eIFRS and website grant	29,000		14,500
Diversity grant	5,000		5,000
Deloitte:			
Deloitte Scholars Fund	-		50,000
Total grants received	\$ 55,443	\$	92,281

**International Association for
Accounting Education and Research**

**Program and Support Expenses
Cash Basis
Year Ended December 31, 2016**

	Program				Total
	Member Services	Meetings and Conferences	Research Projects	Management and General	
Academic research team grants	\$ -	\$ -	\$ 65,974	\$ -	\$ 65,974
Travel		7,204			7,204
Research database (eIFRS)	17,452				17,452
Office expense				75	75
Contract services				13,390	13,390
Professional fees				11,760	11,760
Bank fees				1,548	1,548
Total program and support expenses	\$ 17,452	\$ 7,204	\$ 65,974	\$ 26,773	\$ 117,403

**International Association for
Accounting Education and Research**

**Program and Support Expenses
Cash Basis
Year Ended December 31, 2015**

	Program				Total
	Member Services	Meetings and Conferences	Research Projects	Management and General	
Academic research team grants	\$ -	\$ -	\$ 115,007	\$ -	\$ 115,007
World Congress conference		34,236			34,236
SAAA Workshop		11,448			11,448
Travel		7,612			7,612
Research database (eIFRS)	18,752				18,752
Office expense				858	858
Contract services				18,750	18,750
Professional fees				10,060	10,060
Bank fees				1,772	1,772
Total program and support expenses	\$ 18,752	\$ 53,296	\$ 115,007	\$ 31,440	\$ 218,495