

International Association for Accounting Education and Research

Cash Basis Financial Report
December 31, 2017

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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, 2017 and 2016 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, 2017 and 2016 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 17, 2018

**International Association for
Accounting Education and Research**

**Statements of Assets and Net Assets
Cash Basis
December 31, 2017 and 2016**

	2017	2016
Assets		
Cash	\$ 470,416	\$ 494,977
Net Assets		
Unrestricted - general	\$ 254,655	\$ 246,982
Unrestricted - designated	25,094	14,623
Temporarily restricted	190,667	233,372
Total net assets	\$ 470,416	\$ 494,977

See notes to financial statements.

**International Association for
Accounting Education and Research**

**Statements of Support, Revenue and Expenses
Cash Basis
Years Ended December 31, 2017 and 2016**

	2017	2016
Changes in unrestricted net assets:		
Public support and revenue:		
Membership dues:		
Individuals	\$ 21,491	\$ 21,820
Universities	8,628	10,280
Institutional, academic and professional	10,900	10,320
Total membership dues	41,019	42,420
Meetings and conference income	10,521	5,000
Interest income	787	4
Contributions	5,000	-
Net assets released from restrictions	101,521	83,426
Total public support and revenue	158,848	130,850
Expenses:		
Program expenses:		
Member services	32,557	17,452
Meetings and conferences	13,615	7,204
Research projects	63,964	65,974
Total program expenses	110,136	90,630
Support expense:		
Management and general	30,568	26,773
Total expenses	140,704	117,403
Change in unrestricted net assets	18,144	13,447
Changes in temporarily restricted net assets:		
Public support and revenue:		
Grants received	58,816	55,443
Net assets released from restrictions	(101,521)	(83,426)
Change in temporarily restricted net assets	(42,705)	(27,983)
Change in net assets	\$ (24,561)	\$ (14,536)

See notes to financial statements.

**International Association for
Accounting Education and Research**

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

Years Ended December 31, 2017 and 2016

	Unrestricted	Temporarily Restricted	Total
Balance, January 1, 2016	\$ 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
Change in net assets	18,144	(42,705)	(24,561)
Balance, December 31, 2017	\$ 279,749	\$ 190,667	\$ 470,416

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

Two supporters accounted for approximately 51% and 54% of IAAER's public support and revenues for the years ended December 31, 2017 and 2016, 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:

	2017	2016
KPMG IASB grant	\$ 21,110	\$ 70,778
KPMG eIFRS and Website grant	35,108	38,665
KPMG Diversity grant	17,362	20,691
ACCA developing research skills grant	49,797	35,948
ACCA Other Temporarily Restricted	15,834	15,834
Deloitte Scholars	51,456	51,456
Total temporarily restricted net assets	\$ 190,667	\$ 233,372

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

Note 6. Subsequent Events

Management of IAAER has evaluated subsequent events for potential recognition and/or disclosure through April 17, 2018, 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, 2017 and 2016

	2017		2016
Association of Chartered Certified Accountants (ACCA):			
Developing research skills grant	\$ 29,816	\$	21,443
KPMG:			
eIFRS and website grant	29,000		29,000
Diversity grant	-		5,000
Total grants received	\$ 58,816	\$	55,443

**International Association for
Accounting Education and Research**

**Program and Support Expenses
Cash Basis
Year Ended December 31, 2017**

	Program				Total
	Member Services	Meetings and Conferences	Research Projects	Management and General	
Academic research team grants	\$ -	\$ -	\$ 63,964	\$ -	\$ 63,964
Meetings and conferences		5,050			5,050
Travel		8,565			8,565
Research database (eIFRS)	32,557				32,557
Office expense				621	621
Contract services				16,557	16,557
Professional fees				12,046	12,046
Bank fees				1,344	1,344
Total program and support expenses	\$ 32,557	\$ 13,615	\$ 63,964	\$ 30,568	\$ 140,704

**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