

**AMERICAN ACCOUNTING ASSOCIATION
LAKEWOOD RANCH, FLORIDA**

FINANCIAL STATEMENTS

MAY 31, 2021

**AMERICAN ACCOUNTING ASSOCIATION
FINANCIAL STATEMENTS
MAY 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
American Accounting Association
Lakewood Ranch, Florida

We have audited the accompanying financial statements of the American Accounting Association, a not-for-profit organization, which comprise the statements of financial position as of May 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made 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 financial position of the American Accounting Association as of May 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Bradenton, Florida
September 27, 2021

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 5,895,272	\$ 4,179,053
Certificates of deposit	1,949,000	1,928,333
Accounts receivable	513,985	470,274
Pledges receivable, net	1,298,569	1,440,729
Publications inventory	2,673	2,774
Prepays and other assets	270,064	185,729
Property and equipment, net	2,512,401	2,494,898
TOTAL ASSETS	\$ 12,441,964	\$ 10,701,790
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 2,275,247	\$ 2,030,062
PPP loan	528,520	538,300
Long-term debt	1,320,693	1,371,287
Total liabilities	4,124,460	3,939,649
Net assets		
Without donor restrictions	6,353,082	4,682,931
With donor restrictions		
Time and purpose	1,858,422	1,979,210
Perpetual	106,000	100,000
Total net assets	8,317,504	6,762,141
TOTAL LIABILITIES AND NET ASSETS	\$ 12,441,964	\$ 10,701,790

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021**

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Support and revenue				
Membership dues	\$ 2,068,785	\$ -	\$ -	\$ 2,068,785
FASB codification	198,500	-	-	198,500
Subscriptions	355,767	-	-	355,767
Advertising	21,221	-	-	21,221
Publications/aggregators	3,139,251	-	-	3,139,251
Contributions	694,022	150,092	6,000	850,114
Interest and dividend income	17,687	-	-	17,687
Annual meeting	541,910	-	-	541,910
Other revenue (primarily from programs and seminars)	343,549	-	-	343,549
Net assets released from restrictions	270,880	(270,880)	-	-
Total support and revenue	<u>7,651,572</u>	<u>(120,788)</u>	<u>6,000</u>	<u>7,536,784</u>
Expenses				
Program services				
Annual meeting	866,049	-	-	866,049
Committees and awards	273,575	-	-	273,575
Conferences and consortia	311,668	-	-	311,668
Memberships and subscriptions	470,792	-	-	470,792
Publications	1,148,359	-	-	1,148,359
Region support	199,644	-	-	199,644
Section support	1,055,407	-	-	1,055,407
Special programs	92,507	-	-	92,507
Total program services	<u>4,418,001</u>	<u>-</u>	<u>-</u>	<u>4,418,001</u>
Support services				
Management and general	1,563,420	-	-	1,563,420
Total expenses	<u>5,981,421</u>	<u>-</u>	<u>-</u>	<u>5,981,421</u>
Change in net assets	1,670,151	(120,788)	6,000	1,555,363
Net assets at beginning of year	<u>4,682,931</u>	<u>1,979,210</u>	<u>100,000</u>	<u>6,762,141</u>
Net assets at end of year	<u>\$ 6,353,082</u>	<u>\$ 1,858,422</u>	<u>\$ 106,000</u>	<u>\$ 8,317,504</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2020**

	Without donor Unrestricted	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Support and revenue				
Membership dues	\$ 2,150,894	\$ -	\$ -	\$ 2,150,894
FASB codification	205,875	-	-	205,875
Subscriptions	388,431	-	-	388,431
Advertising	18,880	-	-	18,880
Publications/aggregators	3,080,205	-	-	3,080,205
Contributions	397,631	67,340	-	464,971
Interest and dividend income	68,525	-	-	68,525
Annual meeting	2,205,855	-	-	2,205,855
Other revenue (primarily from programs and seminars)	1,712,666	-	-	1,712,666
Net assets released from restrictions	640,440	(640,440)	-	-
Total support and revenue	<u>10,869,402</u>	<u>(573,100)</u>	<u>-</u>	<u>10,296,302</u>
Expenses				
Program services				
Annual meeting	2,885,439	-	-	2,885,439
Committees and awards	327,603	-	-	327,603
Conferences and consortia	1,895,458	-	-	1,895,458
Memberships and subscriptions	615,231	-	-	615,231
Publications	1,539,242	-	-	1,539,242
Region support	184,914	-	-	184,914
Section support	1,517,540	-	-	1,517,540
Special programs	141,652	-	-	141,652
Total program services	<u>9,107,079</u>	<u>-</u>	<u>-</u>	<u>9,107,079</u>
Support services				
Management and general	1,505,796	-	-	1,505,796
Total expenses	<u>10,612,875</u>	<u>-</u>	<u>-</u>	<u>10,612,875</u>
Change in net assets	256,527	(573,100)	-	(316,573)
Net assets at beginning of year, before change in accounting principle	4,591,497	2,552,310	100,000	7,243,807
Change in accounting principle	<u>(165,093)</u>	<u>-</u>	<u>-</u>	<u>(165,093)</u>
Net assets at end of year, after change in accounting principal	<u>\$ 4,682,931</u>	<u>\$ 1,979,210</u>	<u>\$ 100,000</u>	<u>\$ 6,762,141</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2021**

	Program Services									Management and General	Total Expenses
	Annual Meeting	Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support	Special Programs	Total Program Services		
Salaries	\$ 335,272	\$ 101,291	\$ 182,323	\$ 246,136	\$ 131,424	\$ 126,866	\$ 564,441	\$ 59,255	\$ 1,747,008	\$ 785,255	\$ 2,532,263
Employee benefits	93,525	28,255	50,859	68,660	36,661	35,390	157,452	16,529	487,331	219,048	706,379
Payroll taxes	24,370	7,363	13,253	17,891	9,553	9,222	41,028	4,307	126,987	57,078	184,065
Other payroll	4,160	1,257	2,262	3,054	1,631	1,574	7,004	735	21,677	9,744	31,421
Training and recruitment	1,774	536	965	1,302	2,201	671	2,987	314	10,750	4,204	14,954
Total salaries and related expenses	<u>459,101</u>	<u>138,702</u>	<u>249,662</u>	<u>337,043</u>	<u>181,470</u>	<u>173,723</u>	<u>772,912</u>	<u>81,140</u>	<u>2,393,753</u>	<u>1,075,329</u>	<u>3,469,082</u>
Awards and grants	45,077	107,403	548	32	217	17	40,342	8	193,644	194	193,838
Bank and credit card fees	17,899	1,640	6,488	72,214	14,936	1,044	9,533	488	124,242	8,569	132,811
Dues and subscriptions	1,719	519	935	1,262	907	651	2,894	304	9,191	4,026	13,217
Equipment/software maintenance	875	264	476	642	343	331	1,473	155	4,559	2,049	6,608
Event coordinator expense	9,359	320	576	778	415	401	1,783	187	13,819	2,481	16,300
Hotel/food/beverage/audio visual	220,904	100	2,343	243	430	125	109,603	58	333,806	43,328	377,134
Insurance	5,646	1,135	3,011	3,218	5,263	647	2,406	193	21,519	35,805	57,324
Information technology	24,929	8,283	14,599	18,303	9,774	9,435	41,969	4,406	131,698	58,390	190,088
Miscellaneous	13,659	3,430	5,544	7,555	9,749	3,858	24,154	1,803	69,752	48,879	118,631
Office maintenance	4,414	883	2,649	2,649	5,297	258	625	-	16,775	24,721	41,496
Postage	3,881	538	184	248	89,445	128	3,482	60	97,966	855	98,821
Publications pre-press	2,956	792	1,568	1,925	555,064	992	5,139	463	568,899	43,158	612,057
Printing/copying	24	7	13	17	132,558	9	40	4	132,672	55	132,727
Professional and temp fees	10,535	3,183	5,729	7,734	96,260	3,987	17,736	1,862	147,026	85,669	232,695
Registration/exhibitor/placements	10,397	55	99	134	1,572	69	308	32	12,666	1,232	13,898
Speakers	9,000	-	-	-	-	-	5,400	-	14,400	-	14,400
Supplies	1,287	303	842	737	393	380	1,690	177	5,809	2,411	8,220
Taxes	500	167	500	500	1,000	49	118	-	2,834	7,668	10,502
Telephone/internet/web	1,897	763	928	1,253	672	646	3,028	302	9,489	4,174	13,663
Travel	2,367	70	1,657	76	243	39	175	18	4,645	1,249	5,894
Utilities	1,162	387	1,162	1,162	2,324	113	274	-	6,584	10,840	17,424
Web services/web hosting	8,912	1,448	2,606	3,518	20,929	1,814	8,068	847	48,142	13,214	61,356
Total expenses before depreciation	<u>856,500</u>	<u>270,392</u>	<u>302,119</u>	<u>461,243</u>	<u>1,129,261</u>	<u>198,716</u>	<u>1,053,152</u>	<u>92,507</u>	<u>4,363,890</u>	<u>1,474,296</u>	<u>5,838,186</u>
Depreciation	9,549	3,183	9,549	9,549	19,098	928	2,255	-	54,111	89,124	143,235
Total expenses	<u>\$ 866,049</u>	<u>\$ 273,575</u>	<u>\$ 311,668</u>	<u>\$ 470,792</u>	<u>\$ 1,148,359</u>	<u>\$ 199,644</u>	<u>\$ 1,055,407</u>	<u>\$ 92,507</u>	<u>\$ 4,418,001</u>	<u>\$ 1,563,420</u>	<u>\$ 5,981,421</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2020**

	Program Services									Management and General	Total Expenses
	Annual Meeting	Awards	Conferences and Consortia	Membership and Subscriptions	Publications	Region Support	Section Support	Special Programs	Total Program Services		
Salaries	\$ 275,529	\$ 104,123	\$ 569,628	\$ 334,529	\$ 318,100	\$ 113,392	\$ 293,974	\$ 81,964	\$ 2,091,239	\$ 511,844	\$ 2,603,083
Employee benefits	75,753	28,627	156,613	91,974	87,459	31,179	80,826	22,534	574,965	140,726	715,691
Payroll taxes	19,690	7,441	40,708	23,907	22,733	8,104	21,009	5,857	149,449	36,579	186,028
Other payroll	3,907	1,477	8,078	4,744	4,511	1,608	4,169	1,162	29,656	7,258	36,914
Training and recruitment	8,777	3,317	18,146	10,657	11,184	3,612	9,365	2,611	67,669	16,305	83,974
Total salaries and related expenses	<u>383,656</u>	<u>144,985</u>	<u>793,173</u>	<u>465,811</u>	<u>443,987</u>	<u>157,895</u>	<u>409,343</u>	<u>114,128</u>	<u>2,912,978</u>	<u>712,712</u>	<u>3,625,690</u>
Awards and grants	73,805	100,535	93	250	-	-	32,696	-	207,379	142	207,521
Bank and credit card fees	63,046	1,654	23,091	63,581	16,355	1,163	30,602	1,072	200,564	13,719	214,283
Dues and subscriptions	1,128	426	2,333	1,370	1,303	464	1,204	336	8,564	2,696	11,260
Equipment/software maintenance	560	212	1,157	680	646	230	597	166	4,248	1,040	5,288
Event coordinator expense	64,701	1,450	14,536	4,659	4,430	1,579	60,631	1,141	153,127	12,814	165,941
Hotel/food/beverage/audio visual	1,920,083	41,516	803,934	7,240	9,863	2,454	867,085	2,303	3,654,478	341,872	3,996,350
Insurance	6,933	1,105	4,140	3,385	5,642	589	1,490	263	23,547	35,034	58,581
Information technology	22,764	5,617	35,350	18,047	17,161	6,237	15,859	4,422	125,457	27,613	153,070
Miscellaneous	14,764	2,113	11,574	7,193	10,145	2,302	6,924	10,748	65,763	35,399	101,162
Office maintenance	5,003	898	2,694	2,694	5,387	262	636	-	17,574	25,142	42,716
Postage	19,509	339	1,223	464	82,970	213	4,167	114	108,999	1,460	110,459
Publications pre-press	4,673	1,440	8,318	4,626	613,278	1,568	5,069	1,134	640,106	73,306	713,412
Printing/copying	35,924	347	6,659	1,272	146,618	325	6,130	283	197,558	4,958	202,516
Professional and temp fees	8,447	1,728	10,708	5,552	127,395	3,167	8,465	1,360	166,822	30,472	197,294
Registration/exhibitor/placements	131,132	364	6,499	1,169	1,112	396	1,028	287	141,987	3,248	145,235
Speakers	45,345	-	2,126	-	-	-	33,313	-	80,784	7,571	88,355
Supplies	27,626	1,020	6,819	4,617	3,564	1,111	3,400	1,097	49,254	5,446	54,700
Taxes	395	132	395	395	790	38	93	-	2,238	5,770	8,008
Telephone/internet/web	1,467	1,204	2,599	1,460	3,323	495	2,771	358	13,677	3,068	16,745
Travel	35,571	15,691	140,731	6,213	8,921	2,106	20,194	1,522	230,949	34,995	265,944
Utilities	1,287	429	1,287	1,287	2,574	125	304	-	7,293	12,014	19,307
Web services/web hosting	8,101	1,225	6,500	3,747	14,741	1,270	3,292	918	39,794	26,465	66,259
Total expenses before depreciation	<u>2,875,920</u>	<u>324,430</u>	<u>1,885,939</u>	<u>605,712</u>	<u>1,520,205</u>	<u>183,989</u>	<u>1,515,293</u>	<u>141,652</u>	<u>9,053,140</u>	<u>1,416,956</u>	<u>10,470,096</u>
Depreciation	9,519	3,173	9,519	9,519	19,037	925	2,247	-	53,939	88,840	142,779
Total expenses	<u>\$ 2,885,439</u>	<u>\$ 327,603</u>	<u>\$ 1,895,458</u>	<u>\$ 615,231</u>	<u>\$ 1,539,242</u>	<u>\$ 184,914</u>	<u>\$ 1,517,540</u>	<u>\$ 141,652</u>	<u>\$ 9,107,079</u>	<u>\$ 1,505,796</u>	<u>\$ 10,612,875</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2021**

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Cash flows from operating activities				
Change in net assets	\$ 1,670,151	\$ (120,788)	\$ 6,000	\$ 1,555,363
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	143,235	-	-	143,235
PPP loan forgiveness	(538,300)	-	-	(538,300)
Proceeds from PPP loan	528,520	-	-	528,520
Contributions received for long-term purposes	-	-	(6,000)	(6,000)
(Increase) decrease in:				
Pledges receivable	-	142,160	-	142,160
Accounts receivable	(43,711)	-	-	(43,711)
Publications inventory	101	-	-	101
Prepays and other assets	(84,335)	-	-	(84,335)
Increase (decrease) in:				
Accounts payable and accrued expenses	245,185	-	-	245,185
Net cash provided by operating activities	<u>1,920,846</u>	<u>21,372</u>	<u>-</u>	<u>1,942,218</u>
Cash flows from investing activities				
Purchase of property and equipment	(160,738)	-	-	(160,738)
Purchase of certificates of deposit	(576,000)	(467,000)	(6,000)	(1,049,000)
Maturities of certificates of deposit	576,333	452,000	-	1,028,333
Net cash (used in) investing activities	<u>(160,405)</u>	<u>(15,000)</u>	<u>(6,000)</u>	<u>(181,405)</u>
Cash flows from financing activities				
Proceeds from long-term debt	1,340,000	-	-	1,340,000
Payments for debt issuance costs	(19,307)	-	-	(19,307)
Contribution received for long-term purposes	-	-	6,000	6,000
Principal paid on long-term debt	(1,371,287)	-	-	(1,371,287)
Net cash provided by (used in) investing activities	<u>(50,594)</u>	<u>-</u>	<u>6,000</u>	<u>(44,594)</u>
Net increase in cash and cash equivalents	1,709,847	6,372	-	1,716,219
Cash and cash equivalents at beginning of year	3,697,308	381,745	100,000	4,179,053
Cash and cash equivalents at end of year	<u>\$ 5,407,155</u>	<u>\$ 388,117</u>	<u>\$ 100,000</u>	<u>\$ 5,895,272</u>
Supplemental disclosure of cash flow information				
Cash paid for interest				<u>\$ 54,691</u>
Cash paid for income taxes				<u>\$ 3,000</u>

See Notes to Financial Statements.

**AMERICAN ACCOUNTING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2020**

	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Perpetual	
Cash flows from operating activities				
Change in net assets	\$ 273,178	\$ (573,100)	\$ -	\$ (299,922)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	142,779	-	-	142,779
Proceeds from PPP loan	538,300	-	-	538,300
Decrease in:				
Pledges receivable	-	585,223	-	585,223
Accounts receivable	54,938	-	-	54,938
Publications inventory	1,991	-	-	1,991
Prepays and other assets	198,223	-	-	198,223
(Decrease) in:				
Accounts payable and accrued expenses	(1,359,323)	-	-	(1,359,323)
Net cash provided by operating activities	<u>(149,914)</u>	<u>12,123</u>	<u>-</u>	<u>(137,791)</u>
Cash flows from investing activities				
Purchase of property and equipment	(36,125)	-	-	(36,125)
Purchase of certificates of deposit	(887,857)	(222,000)	(100,000)	(1,209,857)
Maturities of certificates of deposit	950,000	231,000	100,000	1,281,000
Net cash provided by (used in) investing activities	<u>26,018</u>	<u>9,000</u>	<u>-</u>	<u>35,018</u>
Cash flows from financing activities				
Principal paid on long-term debt	(64,071)	-	-	(64,071)
Net cash used in investing activities	<u>(64,071)</u>	<u>-</u>	<u>-</u>	<u>(64,071)</u>
Net increase in cash and cash equivalents	(187,967)	21,123	-	(166,844)
Cash and cash equivalents at beginning of year	<u>3,885,275</u>	<u>360,622</u>	<u>100,000</u>	<u>4,345,897</u>
Cash and cash equivalents at end of year	<u>\$ 3,697,308</u>	<u>\$ 381,745</u>	<u>\$ 100,000</u>	<u>\$ 4,179,053</u>
Supplemental disclosure of cash flow information				
Cash paid for interest				<u>\$ 60,767</u>
Cash paid for income taxes				<u>\$ 2,083</u>

See Notes to Financial Statements.

AMERICAN ACCOUNTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The American Accounting Association (the “Association”) was founded in 1916 as a non-profit organization. The Association seeks to promote worldwide excellence in accounting education, research and practice. The Association publishes scholarly journals and conducts meetings, consortia and conferences on a variety of pedagogical and accounting issues. The Association's members are primarily accounting faculty members at colleges and universities throughout the world. The Association also publishes newsletters and engages in other activities to support worldwide excellence in accounting education, research and practice.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Association records accounts receivables at their net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. At May 31, 2021 and 2020, all accounts receivables are considered fully collectible.

Pledges Receivable

Promises to give are recorded at net realizable value. Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. As of May 31, 2021 and 2020, all pledges receivable are considered fully collectible.

Publications Inventory

Publications inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Association records its property and equipment at cost or at fair value, if donated. The Association maintains a capitalization threshold of \$1,000. Depreciation of buildings and equipment is provided for using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of assets range from 3 to 10 years for furniture, fixtures and equipment; and 10 to 40 years for buildings and land improvements. Maintenance and repair costs are expensed as incurred.

Deferred Revenue

Membership dues and subscriptions are paid annually and are recognized as income over the 12 month period expected to be benefited. Fees collected in advance for conferences and meetings are deferred and are recognized in the year of the function.

The Association's annual meeting is held each August. Fees and contributions collected in advance and related expenses are deferred.

As of May 31, 2021 and 2020, deferred revenue was \$1,839,913 and \$1,573,141, respectively, and is included with accounts payable and accrued expenses on the accompanying statement of financial position.

Revenue Recognition

Membership dues and subscription revenue is amortized over the annual membership or subscription period. Royalty revenue from aggregators is based upon a multi-year contract and is recognized over the term of the contract. Publication revenue is recognized when publications are delivered to customers.

Contributions

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities and the administration of the Association have been summarized on a functional basis in the statement of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Administrative and general expenses and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

Income Taxes

The Association is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Association is required to pay income taxes on the excess of revenues derived from activities unrelated to the tax-exempt purpose of the Association over the related expenses.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Association and various positions related to the potential sources of unrelated business taxable income (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for the years ended May 31, 2021 and 2020.

The Association files income tax returns in the U.S., Florida, and Illinois.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Deferred Loan Costs

Deferred loan costs consist of fees for obtaining the long-term debt and are being amortized on the straight-line method over the life of the mortgage loan. The use of the straight-line method is not materially different from the interest method for the years ended May 31, 2021 and 2020.

Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or contributions.

The Association adopted the new guidance in ASU No. 2018-08 as of June 1, 2019. There were not any significant changes as a result of the adoption of ASU 2018-08.

In May 2014, the FASB issued Accounting Standards Update 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. This ASU's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance in ASU 2014-09 as of June 1, 2020, without any changes to the way revenue is recognized.

Subsequent Events

The Association evaluated its May 31, 2021 financial statements for all subsequent events through September 27, 2021, the date the financial statements were issued.

NOTE 2. CHANGE IN ACCOUNTING PRINCIPLE

As of June 1, 2020, the Association retrospectively changed its method of recognizing employer contributions to the retirement plan. The Association was recognizing when due and is now recognizing the contribution in the plan year in which the payroll was used for the calculation. Beginning net assets as of June 1, 2019 decreased by \$165,903 to account for the opening balance adjustment for the change in accounting principle. The effects of the change in accounting principle on accounts payable and accrued expenses and expenses for the year ended May 31, 2020 are presented in the following table:

Accounts Payable and Accrued Expenses		Expenses	
As previously reported	As adjusted	As previously reported	As adjusted
\$ 1,848,318	\$ 2,030,062	\$ 10,596,224	\$ 10,612,875

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. LIQUIDITY AND AVAILABILITY

The Association's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for dues, subscriptions, and contributions received throughout the year. The Association manages liquidity during the year by utilizing the following strategies: operating within a budget that reflects the Board of Directors' strategy, including responsible revenue generation via contributions, membership dues, conferences, and publications to cover operating expenditures not covered by donor-restricted resources and intentional investments, regular analysis of actual operating results versus budget, and establishment of an operating reserve fund funded to be used to fund operating shortfalls with the approval of the Board of Directors.

The following table reflects the Association's total financial assets as of May 31, 2021 and 2020, which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 5,895,272	\$ 4,179,053
Certificates of deposit	1,949,000	1,928,333
Accounts receivable	513,985	470,274
Pledges receivable	1,298,569	1,440,729
Less net assets with donor restrictions	<u>(1,964,422)</u>	<u>(2,079,210)</u>
Financial assets available to meet operating expenditures	<u>\$ 7,692,404</u>	<u>\$ 5,939,179</u>

NOTE 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by managed fund groups consist of the following at May 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
General operations	\$ 3,802,724	\$ 2,451,694
Sections	1,915,177	1,551,644
Regions	<u>177,371</u>	<u>175,715</u>
Total cash and cash equivalents	<u>\$ 5,895,272</u>	<u>\$ 4,179,053</u>

NOTE 5. CERTIFICATES OF DEPOSIT

As of May 31, 2021 and 2020, the Association held certificates of deposit in increments ranging from \$5,000 to \$250,000 in separate banking institutions, with no more than \$250,000 held at any one institution. Maturity dates on the certificates of deposit range in increments from one year up to five years.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. PLEDGES RECEIVABLE

Unconditional promises to give are presented net of the discount to present value using a discount rate equivalent to the current risk free rate at the time the promise is made. The Association used a discount rate of 0.017%, which is due to be collected as follows at May 31, 2021 and 2020:

	2021	2020
Pledges receivable, less than 1 year	\$ 528,450	\$ 773,092
Pledges receivable, greater than one year	770,250	667,750
Discount on pledges receivable	(131)	(113)
Pledges receivable, net	\$ 1,298,569	\$ 1,440,729

The discount amortization is recognized as an increase in contribution income over the duration of the pledge.

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at May 31, 2021 and 2020:

	2021	2020
Land	\$ 376,934	\$ 376,934
Building and improvements	2,456,478	2,447,568
Furniture and equipment	123,375	124,397
Computers and software	508,799	647,936
	3,465,586	3,596,835
Less accumulated depreciation	(953,185)	(1,101,937)
Total property and equipment	\$ 2,512,401	\$ 2,494,898

Depreciation expense was \$143,235 and \$142,779 for the years ended May 31, 2021 and 2020, respectively.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. NOTES PAYABLE

On May 4, 2021, the Association signed a mortgage agreement with Fifth Third Bank to refinance the mortgage for the Association's office building. The principal sum of the mortgage at the time of refinance was \$1,340,000 and calls for interest on the unpaid balance at the rate of 3.63% per annum. Principal and interest is payable in 119 consecutive monthly installments of \$9,665 beginning June 2021 with a balloon payment of the remaining principal due May 2031. As of May 31, 2021, \$1,340,000 is outstanding on the mortgage. In conjunction with the refinance, the Association incurred \$19,307 in deferred loan costs that are netted with long-term debt on the statement of financial position. The loan is secured by the building and an assignment of rents.

Future maturities of long-term debt based on the amount outstanding as of May 31, 2021 are as follows:

2021	\$	67,930
2022		70,333
2023		72,850
2024		75,693
2025		78,526
Later		974,668
	\$	<u>1,340,000</u>

NOTE 9. PAYROLL PROTECTION PROGRAM LOANS

On May 7, 2020, the Association received \$538,300 in funding through the Small Business Association Payroll Protection Program (PPP Loan). The funds were spent on allowable expenditures and the loan was fully forgiven by the Small Business Administration. The loan forgiveness of \$538,300 is included with contributions on the accompanying statement of activities.

On March 3, 2021, the Association received \$528,520 in additional funding through the PPP Loan program. Management believes it has satisfied, as of July 31, 2021, the conditions of the loan agreement by spending the entire loan proceeds on allowable expenses and will apply for forgiveness as soon as the financial institution begins accepting applications for forgiveness. Management anticipates the entire amount of the loan will be forgiven in fiscal year ending May 31, 2022. If the loan is not forgiven it bears interest at a rate of 1% and will be repaid over 24 months with a maturity in May 2023.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS TIME AND PURPOSE

Net assets with donor restrictions time and purpose are restricted for the following purposes at May 31, 2021 and 2020:

	2021	2020
Seminars and education	\$ 1,006,947	\$ 1,014,493
Awards	851,475	964,717
Net assets with donor restrictions	\$ 1,858,422	\$ 1,979,210

Net assets with donor restrictions – time and purpose at May 31, 2021 consisted of \$1,298,569 in pledges receivable, \$467,000 in certificates of deposit and \$92,853 in cash. Net assets with donor restrictions – time and purpose at May 31, 2020 consisted of \$1,440,729 in pledges receivable, \$452,000 in certificates of deposit, and \$86,481 in cash.

Releases from restriction consisted of the following for the years ended May 31, 2021 and 2020:

	2021	2020
Seminars and education	\$ 155,923	\$ 517,188
Awards	114,957	123,252
Releases from restrictions	\$ 270,880	\$ 640,440

NOTE 11. ROYALTY AGREEMENTS

The Association has a major license agreement that expires on December 31, 2024, and may be renewed thereafter. The agreement is for guaranteed minimum annual royalties of \$2,400,000, which are paid on a quarterly basis and are included in publications/aggregators revenue. Accounts receivable under the license agreement was \$400,000 as of May 31, 2021 and 2020.

NOTE 12. EMPLOYEE BENEFIT PLAN

The Association participates in a 401(k) employer defined contribution plan (the “Plan”). Employees who are at least 21 years old and who have met all eligibility requirements are eligible to participate. Employer contributions to the Plan are 7% of qualifying employees' compensation. The Association's contributions to the Plan were \$175,873 and \$181,744 for the years ended May 31, 2021 and 2020, respectively. Employees may contribute to the 401(k) Plan up to the maximum allowed by law.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. ENDOWMENT

The Association holds an endowment which is donor restricted. The Association's Board of Directors has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions – perpetual: (a) the original value of the gift donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction – perpetual is classified as net assets with donor restrictions – time and purpose until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Association and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Association;
7. The investment policies of the Association.

The Association has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund and provide consistent long-term income returns. To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints. Given current market conditions, the funds are currently invested in high quality fixed income securities. Net earnings during the period were immaterial as all endowment funds were invested in certificates of deposit.

**AMERICAN ACCOUNTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. ENDOWMENT (CONTINUED)

The endowment net asset composition is as follows:

	<u>Net assets without Donor restrictions</u>	<u>Net assets with Donor restrictions time or purpose</u>	<u>Net assets with Donor restrictions perpetual</u>	<u>Total at May 31, 2021</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 106,000	\$ 106,000
	<u>Net assets without Donor restrictions</u>	<u>Net assets with Donor restrictions time or purpose</u>	<u>Net assets with Donor restrictions perpetual</u>	<u>Total at May 31, 2020</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 100,000	\$ 100,000

During the year ended May 31, 2020, the Foundation received \$6,000 in contributions to the endowment fund.

NOTE 14. CONTINGENCIES

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate 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 the Association operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Association, to date, the Association has seen a decrease in support and revenues and could be exposed to contract cancellation fees for future meetings in 2021-2022. However, the ultimate impact of the pandemic on the Association's results of operations, financial position, and liquidity or capital resources cannot be reasonably estimated at this time.