Report of the Audit Committee

The Audit Committee of the AAA convened twice in 2008 via conference call, for a pre-audit conference on February 19 and again for a post-audit conference on April 17. Committee members are: Ted Hamann (chair), Steve Darr, and Ted Bestor. AAA staff members Elaine Lynch and Suzanne Mattingly participated for most of both calls, but Audit Committee members did have a chance to speak privately with the auditors.

The auditors, Raffa & Associates, gave AAA a “clean opinion,” as AAA’s financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2007 and the changes in its net assets and its cash flows for the year. They found AAA in conformity with accounting principles generally accepted accounting practices. There were no material weaknesses and no control deficiencies.

At the post-audit conference, the auditors reviewed the objectives of the audit—the main one being the rendering of an opinion on the 2007 AAA financial statements and offering a review of AAA internal procedures related to financial management. Key areas of focus were internal control assessment and testing (including OMB compliance testing); payroll and cash disbursements; substantiation of membership dues, grants, contributions, and publications revenues; and substantiation of cash and investments. As in 2006, an OMB audit was performed for 2007 due to the fact that there were over $500,000 in grant monies expended during the year. There were no material findings with this portion of the audit either.

The assessment of AAA’s draft 2007 financial statements noted that assets increased by $414,000, which consisted of a cash increase of $837,000, a decrease in accounts receivable of $575,000 (NSF grant winding down) and an increase in investments of $190,000. Liabilities decreased $454,000 due to decrease in NSF accounts payable. Net assets increased by $869,000. There was an overall decrease in operating revenue of $441,000 and a decrease in expenses of $1.3 million, both due primarily to the winding down of the NSF grant. Operations showed a net increase of $827,000 and an overall gain of $869,000.

The auditors also noted that, having worked with AAA before, that the process of the audit was straightforward and AAA staff members were acknowledged for their helpfulness.