

T A T E



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A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
The American Institute of Architects & Affiliate

We have audited the accompanying consolidated statements of financial position of The American Institute of Architects & Affiliate (collectively referred to as the Institute) as of December 31, 2007 and 2006, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American Institute of Architects & Affiliate as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Washington, DC
April 7, 2008

THE SOUTHERN BUILDING

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9TH FLOOR

WASHINGTON, DC

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The American Institute of Architects & Affiliate

Consolidated Statements of Financial Position

<i>December 31,</i>	2007	2006
Assets		
Cash and cash equivalents - Note B	\$ 4,583,329	\$ 3,453,932
Investments - Notes B & C	37,872,688	34,650,378
Accounts receivable, net of allowance (\$205,546 - 2007; \$210,296 - 2006)	1,681,437	2,075,965
Contributions receivable, net of allowance (\$648,962 - 2007; \$316,962 - 2006) - Note D	3,840,007	1,580,696
Inventory - Note E	468,065	326,733
Prepaid expenses	1,858,955	1,744,515
Deferred publication costs	3,004,550	2,707,589
Debt issue costs	118,796	142,556
Other assets - Note F	461,017	520,925
Property and equipment - Note G	5,829,099	5,907,109
Total assets	\$ 59,717,943	\$ 53,110,398
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 8,300,478	\$ 7,262,044
Deferred dues and other revenue	10,903,731	11,693,685
Deferred contract document revenue	7,844,064	6,745,242
Note payable and capital lease obligations - Note H	13,049,478	13,427,613
Total liabilities	40,097,751	39,128,584
Net assets		
Unrestricted	12,553,005	9,801,714
Temporarily restricted - Note M	6,328,751	3,441,664
Permanently restricted - Note M	738,436	738,436
Total net assets	19,620,192	13,981,814
Commitments and contingencies - Note N		
Total liabilities and net assets	\$ 59,717,943	\$ 53,110,398

The American Institute of Architects & Affiliate

Consolidated Statements of Activities

<i>Year Ended December 31,</i>	2007	2006
Unrestricted activities		
Revenue and support		
Publications and royalties	\$ 23,801,953	\$ 21,723,559
Membership dues	15,910,072	14,908,254
Professional development	7,712,594	6,512,124
Convention	4,767,254	4,640,729
Membership services	3,106,696	2,776,020
Public relations	2,698,699	1,457,144
Building operations	2,411,182	2,613,616
Investment income	2,125,530	2,531,455
AIA 150	1,363,447	2,081,194
Grants and contracts	668,453	369,798
Other revenue	352,655	440,333
Total unrestricted revenue and support	64,918,535	60,054,226
Expense		
Program services		
Publications and royalties	12,835,887	11,489,738
Membership services	10,275,799	7,538,974
Professional development	5,766,164	5,827,614
Public relations	4,931,833	4,000,818
Membership	4,796,413	4,209,103
Building operations	3,757,855	3,732,117
AIA 150	2,914,811	3,148,623
Government affairs	2,088,263	1,631,082
Convention	1,364,061	1,360,113
Contributions - affiliated organizations	803,346	790,429
Grants and contracts	669,000	386,297
Scholarships	234,868	217,129
Total program services	50,438,300	44,332,037
Administrative and corporate	11,728,944	11,738,609
Total expense	62,167,244	56,070,646
Change in unrestricted net assets	2,751,291	3,983,580
Temporarily restricted activities		
Investment income - Note C	345,279	379,533
Contributions	2,541,808	1,012,727
Change in temporarily restricted net assets	2,887,087	1,392,260
Change in net assets	5,638,378	5,375,840
Net assets, beginning of year	13,981,814	8,605,974
Net assets, end of year	\$ 19,620,192	\$ 13,981,814

See notes to the consolidated financial statements.

Certain 2006 amounts have been reclassified for comparative purposes.

The American Institute of Architects & Affiliate

Consolidated Statements of Cash Flows

<i>Year Ended December 31,</i>	2007	2006
Cash flows from operating activities		
Change in net assets	\$ 5,638,378	\$ 5,375,840
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments	(647,843)	(967,554)
Bad debt expense	333,456	317,152
Amortization of deferred publication costs	664,037	646,768
Amortization of debt issue costs	23,760	23,759
Amortization of other assets	146,004	146,004
Depreciation and amortization of property and equipment	1,398,615	1,783,704
Gain on disposal of property and equipment	-	(39,964)
Changes in assets and liabilities:		
Accounts receivable	337,528	(726,197)
Contribution receivable	(2,535,767)	(1,705,848)
Inventory	(141,332)	51,901
Prepaid expenses	(114,440)	(215,043)
Accounts payable and accrued expenses	1,038,434	2,751,558
Deferred dues and other revenue	(789,954)	1,631,005
Deferred contract document revenue	1,098,822	829,595
Total adjustments	811,320	4,526,840
Net cash provided by operating activities	6,449,698	9,902,680
Cash flows from investing activities		
Purchases of investments, net	(2,574,467)	(6,839,235)
Purchases of publication development costs	(960,998)	(1,334,021)
Purchases of other assets	(86,096)	(83,621)
Purchases of property and equipment	(1,320,605)	(479,703)
Net cash used in investing activities	(4,942,166)	(8,736,580)
Cash flows from financing activities		
Principal payments on capital leases	(90,910)	(432,358)
Principal payments on note payable	(287,225)	(270,851)
Net cash used in financing activities	(378,135)	(703,209)
Net increase in cash and cash equivalents	1,129,397	462,891
Cash and cash equivalents, beginning of year	3,453,932	2,991,041
Cash and cash equivalents, end of year	\$ 4,583,329	\$ 3,453,932
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 927,903	\$ 960,406
Cash paid during the year for income taxes	\$ 34,000	\$ 12,647

See notes to the consolidated financial statements.