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HALT BUZAS & POWELL, LTD
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Society of Military Comptrollers
Alexandria, VA

We have audited the accompanying statements of financial position of American Society of Military Comptrollers (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of American Society of Military Comptrollers' management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 financial statements referred to above present fairly, in all material respects, the financial position of American Society of Military Comptrollers as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Halt, Buzas & Powell, Ltd.

October 27, 2010

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AMERICAN SOCIETY OF MILITARY COMPTROLLERS

STATEMENTS OF FINANCIAL POSITION

	June 30, 2010	June 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 284,012	$ 1,102,895
Accounts receivable	231,867	192,774
Prepaid expenses	49,957	30,158
Other assets	5,636	11,415
Total current assets	571,472	1,337,242
Property and equipment, net	1,987,358	2,042,063
Investments	4,326,692	2,777,323
Total assets	$ 6,885,522	$ 6,156,628
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 1,031,569	$ 539,870
Accrued compensation and vacation	44,450	34,558
Deferred revenue-current	156,921	132,406
Mortgage payable-current	47,570	32,304
Other liabilities	3,006	-
Total current liabilities	1,283,516	739,138
Deferred revenue-non-current	176,935	158,287
Mortgage payable-non-current	1,077,515	1,131,270
Security deposits-tenants	6,460	6,460
Total liabilities	2,544,426	2,035,155
Unrestricted net assets	4,341,096	4,121,473
Total liabilities and net assets	$ 6,885,522	$ 6,156,628

See notes to financial statements

AMERICAN SOCIETY OF MILITARY COMPTROLLERS

STATEMENTS OF ACTIVITIES

	For the Years Ended June 30, 2010	2009
Revenues:		
PDI income	$ 2,663,380	$ 2,529,194
Certification income	975,241	915,752
Membership dues	383,127	352,222
Investment income, net	96,392	81,681
Royalty income	86,014	95,689
Rental income	84,125	95,787
Advertising and subscription income	18,361	40,069
Other income	11,707	36,720
Total revenues	4,318,347	4,147,114
Expenses:		
Program services:		
Professional development institute symposium	2,135,083	1,997,342
Certified defense financial manager program	330,826	204,642
Enhanced defense financial management training	110,651	76,258
Other training	94,553	136,578
Membership services	410,899	378,947
Armed Forces Comptroller publication	163,384	178,074
Total program services	3,245,396	2,971,841
Support services:		
Facilities	165,018	209,522
Administrative	688,310	493,270
Total support services	853,328	702,792
Total expenses	4,098,724	3,674,633
Increase in net assets	219,623	472,481
Net assets, beginning of year	4,121,473	3,648,992
Net assets, end of year	$ 4,341,096	$ 4,121,473

See notes to financial statements

AMERICAN SOCIETY OF MILITARY COMPTROLLERS

STATEMENTS OF CASH FLOWS

	For the Years Ended June 30, 2010	2009
Cash flows from operating activities:		
Increase in net assets	$ 219,623	$ 472,481
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	62,101	63,485
Realized loss (gain) on investments	763	(28)
Unrealized gain on investments	(16,042)	(3,309)
Decrease (increase) in assets:		
Accounts receivable	(39,093)	172,696
Prepaid expenses	(19,800)	(13,534)
Other assets	5,780	(3,036)
Deposits	-	765
Increase (decrease) in liabilities:		
Accounts payable	491,699	(705,179)
Accrued compensation and vacation	9,892	(77,492)
Deferred revenue	43,163	23,931
Other liabilities	3,006	-
Total adjustments	541,469	(541,701)
Net cash provided by (used in) operating activities	761,092	(69,220)
Cash flows from investing activities:		
Purchases of fixed assets	(7,396)	(48,926)
Purchases of investments	(2,903,327)	(2,332,700)
Proceeds from sales of investments	1,369,237	1,950,253
Net cash used in investing activities	(1,541,486)	(431,373)
Cash flows from financing activities:		
Principal payments on mortgage note	(38,489)	(30,070)
Net cash used in financing activities	(38,489)	(30,070)
Net decrease in cash	(818,883)	(530,663)
Cash and cash equivalents, beginning of year	1,102,895	1,633,558
Cash and cash equivalents, end of year	$ 284,012	$ 1,102,895
Supplemental disclosures of cash flow information:		
Interest expense	$ 49,908	$ 68,804

See notes to financial statements

AMERICAN SOCIETY OF MILITARY COMPTROLLERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

1. Organization

American Society of Military Comptrollers (ASMC) was established in 1948 and operates as a non-profit professional society headquartered in Alexandria, Virginia. ASMC promotes the education and training of its members and supports the development and advancement of the profession of military comptrollership.

2. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation

ASMC has presented its financial statements in accordance with *U.S. Generally Accepted Accounting Principles*. Under those principles, ASMC is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets represents the expendable resources that are available for operations at management's discretion.

Temporarily Restricted Net Assets represents resources restricted by donors as to purpose or by the passage of time.

Permanently Restricted Net Assets represents resources whose use by ASMC is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of ASMC. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

ASMC has no temporarily restricted and permanently restricted net assets at June 30, 2010 and 2009.

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Use of estimates

The preparation of financial statements in conformity with *U.S. Generally Accepted Accounting Principles* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

ASMC classifies all highly liquid investments with an original maturity of three months or less as cash equivalents. At June 30, 2010 and 2009, cash and cash equivalents included checking and savings account deposits.

Concentrations of credit risk

ASMC maintains bank accounts that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2010 and 2009, ASMC had bank deposits in excess of FDIC limits of $96,346 and $1,264,074, respectively.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. As accounts receivable are deemed uncollectible, amounts are charged to bad debt expense. No allowance for uncollectible accounts receivables has been established since management believes all receivables are fully collectible at June 30, 2010.

Investments

Investments in certificates of deposit, bonds and equities are held at their fair market value. Donated securities and other donated items held as investments are recorded at their fair market value on the date of the donation. The gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted temporarily or permanently by donor restrictions or law.

Property and equipment

Property and equipment are reflected in the financial statements at cost, net of accumulated depreciation. Donated property and equipment is stated at fair value at the date of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets:

Building and improvements	40 years
Furniture and fixtures	10 years
Software	5 years
Computer equipment	5 years
Office equipment	5 years

ASMC capitalizes major additions and improvements over $500 that have a useful life exceeding one year. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Fair value measurements

The Financial Accounting Standards Board (FASB) sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. The standard applies to all assets and liabilities that are being measured and reported on a fair value basis. The standard requires disclosure that establishes a framework for measuring fair value in *U.S. Generally Accepted Accounting Principles* and expands disclosure about fair value measurements. This standard enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Quoted market prices in active markets for identical securities or liabilities
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 - Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, ASMC performs a detailed analysis of the assets and liabilities that are subject to the standard set forth by the FASB. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no level 3 inputs for any assets held by ASMC at June 30, 2010.

Income taxes

ASMC is exempt from Federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. ASMC is taxed on net income from unrelated business activities. For the years ended June 30, 2010 and 2009, ASMC generated a net loss from unrelated business activities of $13,776 and $13,564, respectively. As of June 30, 2010, ASMC had net operating loss carryforwards available to offset future taxable income of $123,068. Due to the uncertainty that ASMC will be able to realize any future benefit from the net operating loss carryforward, management has not recorded a deferred tax asset for the years ended June 30, 2010 and 2009. ASMC had no unrelated business income tax expense for the year ended June 30, 2010.

Accounting for uncertain tax positions

Effective January 1, 2009 in accordance with *U.S. Generally Accepted Accounting Principles*, ASMC adopted the standard for uncertainty in income taxes. In applying the standard, ASMC must determine and assess any material positions taken in any income tax return as of the date they adopt the standard, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. A benefit related to an uncertain tax position may not be recognized in the financial statements unless it is more likely than not that the position will be sustained on its technical merits. Management of ASMC believes that for all the years still subject to audit by the relevant taxing authorities no material uncertain tax positions should be recognized in the financial statements.

Membership dues

Membership dues are recognized over the period covered by the membership. Membership dues received before the membership period starts are recorded as deferred revenue.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Salaries are allocated between programs and supporting services classifications based on estimates by management.

3. Investments

Investments are comprised of the following as of June 30:

	2010 Cost	2010 Market	2009 Cost	2009 Market
Certificates of deposit	$ 3,464,343	$ 3,483,461	$ 2,704,299	$ 2,707,375
Mutual funds	772,354	772,354	1,831	1,831
U.S. savings bonds	70,877	70,877	68,117	68,117
Total investments	$ 4,307,574	$ 4,326,692	$ 2,774,247	$ 2,777,323

Investment income, net, is comprised of the following for the years ended June 30:

	2010	2009
Interest and dividends	$ 81,113	$ 78,344
Unrealized gain	16,042	3,309
Realized (loss) gain	(763)	28
Total investment income, net	$ 96,392	$ 81,681

The table below summarizes the level of inputs used to determine fair value of each major type of investment at June 30, 2010:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 3,483,461	$ -	$ 3,483,461
Mutual funds	772,354	-	-	772,354
U.S. savings bonds	-	70,877	-	70,877
Total investments	$ 772,354	$ 3,554,338	$ -	$ 4,326,692

The table below summarizes the level of inputs used to determine fair value of each major type of investment at June 30, 2009:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 2,707,375	$ -	$ 2,707,375
Mutual funds	1,831	-	-	1,831
U.S. savings bonds	-	68,117	-	68,117
Total investments	$ 1,831	$ 2,775,492	$ -	$ 2,777,323

4. Property and equipment

The following is a summary of property and equipment held as of June 30:

	2010	2009
Land	$ 1,192,595	$ 1,192,595
Building and improvements	862,330	862,330
Furniture and fixtures	76,511	76,511
Software	134,653	134,653
Computer equipment	57,892	50,496
Office equipment	15,600	15,600
Subtotal	2,339,581	2,332,185
Accumulated depreciation and amortization	(352,223)	(290,122)
Total	$ 1,987,358	$ 2,042,063

Depreciation and amortization of property and equipment for the years ended June 30, 2010 and 2009 was $62,101 and $63,485, respectively.

5. Mortgage payable

ASMC has a mortgage note dated February 18, 2004 with a face value of $1,300,000. The note is secured by a building, improvements, and land with a carrying value of $1,902,675 as of June 30, 2010. The note had a fixed interest rate of 5.75% until February 18, 2009 when the rate would be adjusted based on the Securities Index defined as the current yield on five-year United States Treasury Securities, rounded upwards to the nearest one-eighth of one percent. In August 2009, an agreement was reached to adjust the interest rate of the note from 5.75% to 4.625%. This adjustment was effective as of February 18, 2009. Monthly payments of $7,552 are required which are based on an amortization schedule of 25 years. The note matures on February 18, 2014, at which point all unpaid principal and accrued interest will be due.

For the years ended June 30, 2010 and 2009, the mortgage payable was $1,125,085 and $1,163,574, respectively. Interest expense was $49,908 and 68,804 for the fiscal years ended June 30, 2010 and 2009, respectively.

Aggregate future maturities of mortgage payable are as follows:

For fiscal years ending in:	
2011	$ 47,570
2012	49,817
2013	52,171
2014	975,527
Total	$ 1,125,085

6. Retirement plan

ASMC maintains a 403(b) retirement plan (the Plan) for all employees who have completed twelve months of service. Participants may make voluntary contributions to the Plan up to the maximum allowable by law. ASMC's contributions to the Plan are at the discretion of management and vest immediately to the participants. Participants must have completed 1,000 hours of service and be employed on the last day of the Plan year to be eligible for ASMC's contributions. Retirement plan expense for the years ended June 30, 2010 and 2009, was $33,752 and $38,505, respectively.

7. Commitments

ASMC has contractual commitments with several convention centers for its 2012, 2013, and 2014 PDI symposiums. Future minimum commitments for PDI symposiums are as follows:

For fiscal years ending in:	Rental and license fees
2011	$ 21,109
2012	66,326
2013	61,228
Total	$ 148,663

8. Subsequent events

ASMC has evaluated subsequent events through October 27, 2010, which is the date the financial statements were available to be issued.