



American Society of Military Comptrollers

Financial Statements
and
Independent Auditor's Report

June 30, 2023 and 2022



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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of American Society of Military Comptrollers (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Society of Military Comptrollers and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Society of Military Comptrollers' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Society of Military Comptrollers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Society of Military Comptrollers' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sikich LLP

Alexandria, Virginia
December 7, 2023

American Society of Military Comptrollers

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 68,554	\$ 502,680
Accounts receivable	1,271,696	886,717
Prepaid expenses	51,658	42,472
Investments	3,805,994	4,713,291
Property and equipment, net	2,030,831	1,803,466
Deposits	4,000	4,000
Total assets	<u>\$ 7,232,733</u>	<u>\$ 7,952,626</u>
Liabilities and Net Assets		
Accounts payable	\$ 340,685	\$ 393,388
Accrued compensation	242,488	186,456
Deferred revenue	591,221	500,284
Security deposits, tenants	-	3,450
Total liabilities	1,174,394	1,083,578
Net assets:		
Without donor restrictions	<u>6,058,339</u>	<u>6,869,048</u>
Total liabilities and net assets	<u>\$ 7,232,733</u>	<u>\$ 7,952,626</u>

See accompanying notes to the financial statements.

3.

American Society of Military Comptrollers
Statements of Activities
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues without donor restrictions:		
PDI income	\$ 4,369,465	\$ 3,349,678
Certification fees	583,639	848,578
Membership dues	557,886	479,361
Gain on extinguishment of debt	-	163,893
Rental income	-	47,000
In-kind contribution	26,134	31,573
Advertising and subscription income	30,068	15,748
Royalty income	597	3,353
Other income	15,127	1,673
Investment return, net	<u>117,702</u>	<u>(354,893)</u>
Total revenues without donor restrictions	<u>5,700,618</u>	<u>4,585,964</u>
Expenses:		
Program services:		
Professional development institute symposium	2,580,658	1,918,382
Certified defense financial manager program	623,659	573,304
Membership services	588,072	492,509
Education and professional development	998,900	481,308
Armed Forces Comptroller publication	278,101	245,402
Enhanced defense financial management training	<u>197,197</u>	<u>232,453</u>
Total program services	5,266,587	3,943,358
Management and general services:		
Administrative support	<u>1,244,740</u>	<u>952,803</u>
Total expenses	<u>6,511,327</u>	<u>4,896,161</u>
Change in net assets without donor restrictions	(810,709)	(310,197)
Net assets without donor restrictions, beginning of year	<u>6,869,048</u>	<u>7,179,245</u>
Net assets without donor restrictions, end of year	<u>\$ 6,058,339</u>	<u>\$ 6,869,048</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Professional development institute symposium	Certified defense financial manager program	Membership services	Education and professional development	Armed Forces Comptroller publication	Enhanced defense financial management training	Total program services
Advertising and publicity	\$ -	\$ 6,494	\$ -	\$ -	\$ -	\$ -	\$ 6,494
Armed Forces Comptroller Journal	-	-	-	-	3,955	1,000	4,955
Bank charges and fees	-	9,691	18,810	5,031	-	5,838	39,370
Certification	-	73,599	-	-	-	-	73,599
Charitable contributions	31,165	-	-	-	-	-	31,165
Conference and meeting expenses	1,965,970	-	-	73,999	-	-	2,039,969
Contract services	46,776	139,586	-	779,566	52,160	-	1,018,088
Depreciation and amortization	-	-	-	-	-	-	-
Education and training expenses	259,915	-	37,750	20,568	-	80,326	398,559
Employee professional development	-	5,903	303	2,083	-	90	8,379
Equipment rental and maintenance	-	-	-	-	-	-	-
Facility maintenance	-	-	-	-	-	-	-
Information management	-	-	3,085	50	-	-	3,135
In-kind legal services	-	-	-	-	-	-	-
Insurance and taxes	-	-	-	-	-	-	-
Membership and chapter development	-	-	42,212	-	-	-	42,212
Miscellaneous expenses	-	114	-	-	-	-	114
Office supplies and equipment	68	-	-	-	433	-	501
Payroll taxes and benefits	47,511	66,193	72,250	19,020	13,854	19,122	237,950
Postage and delivery	-	997	4,000	-	51,596	-	56,593
Printing and copying	-	5,140	9,390	2,944	90,355	44	107,873
Professional services	2,500	-	54,685	-	-	-	57,185
Salaries	201,003	280,043	305,669	80,467	58,614	80,899	1,006,695
Travel expenses	1,479	2,084	3,008	5,456	56	110	12,193
Allocation of facility services	24,271	33,815	36,910	9,716	7,078	9,768	121,558
Total expenses	\$ 2,580,658	\$ 623,659	\$ 588,072	\$ 998,900	\$ 278,101	\$ 197,197	\$ 5,266,587

See accompanying notes to the financial statements.

5.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Management and general</u>			
	Administrative support	Facility services	Total management and general services	Total expenses
Advertising and publicity	\$ 275,136	\$ -	\$ 275,136	\$ 281,630
Armed Forces Comptroller Journal	-	-	-	4,955
Bank charges and fees	120	-	120	39,490
Certification	-	-	-	73,599
Charitable contributions	504	-	504	31,669
Conference and meeting expenses	9,679	-	9,679	2,049,648
Contract services	61,967	-	61,967	1,080,055
Depreciation and amortization	1,500	28,987	30,487	30,487
Education and training expenses	4,290	-	4,290	402,849
Employee professional development	12,950	-	12,950	21,329
Equipment rental and maintenance	204	4,212	4,416	4,416
Facility maintenance	787	64,579	65,366	65,366
Information management	223,717	-	223,717	226,852
In-kind legal services	26,134	-	26,134	26,134
Insurance and taxes	34,682	30,790	65,472	65,472
Membership and chapter development	-	-	-	42,212
Miscellaneous expenses	655	-	655	769
Office supplies and equipment	27,506	-	27,506	28,007
Payroll taxes and benefits	73,477	6,467	79,944	317,894
Postage and delivery	11,327	-	11,327	67,920
Printing and copying	8,563	-	8,563	116,436
Professional services	103,884	-	103,884	161,069
Salaries	310,859	27,364	338,223	1,344,918
Travel expenses	15,958	-	15,958	28,151
Allocation of facility services	40,841	(162,399)	(121,558)	-
Total expenses	\$ 1,244,740	\$ -	\$ 1,244,740	\$ 6,511,327

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Professional development institute symposium	Certified defense financial manager program	Membership services	Education and professional development	Armed Forces Comptroller publication	Enhanced defense financial management training	Total program services
Advertising and publicity	\$ -	\$ 9,090	\$ -	\$ -	\$ -	\$ -	\$ 9,090
Armed Forces Comptroller Journal	-	-	-	-	9,622	1,114	10,736
Bank charges and fees	30	7,170	12,759	9,897	-	4,364	34,220
Certification	-	77,737	-	-	-	-	77,737
Charitable contributions	14,303	-	-	-	-	-	14,303
Conference and meeting expenses	1,506,363	-	-	-	-	-	1,506,363
Contract services	27,500	63,846	-	282,245	38,288	-	411,879
Depreciation and amortization	-	-	-	-	-	-	-
Education and training expenses	171,603	-	7,600	94,174	-	112,170	385,547
Employee professional development	-	3,919	3,968	-	-	-	7,887
Equipment rental and maintenance	-	-	-	-	-	-	-
Facility maintenance	-	-	-	-	-	-	-
Information management	-	600	1,566	-	-	-	2,166
In-kind legal services	-	-	-	-	-	-	-
Insurance and taxes	-	-	-	-	-	-	-
Membership and chapter development	-	-	41,485	-	-	-	41,485
Miscellaneous expenses	-	-	-	-	-	-	-
Office supplies and equipment	-	1,299	873	-	-	-	2,172
Payroll taxes and benefits	34,793	72,067	73,458	17,072	18,309	20,576	236,275
Postage and delivery	2,411	-	1,265	-	16,431	317	20,424
Printing and copying	2,576	5,221	9,118	-	78,932	-	95,847
Professional services	-	-	-	-	-	-	-
Salaries	138,574	287,028	292,569	67,994	72,922	81,949	941,036
Travel expenses	-	3,427	5,140	-	253	-	8,820
Allocation of facility services	<u>20,229</u>	<u>41,900</u>	<u>42,708</u>	<u>9,926</u>	<u>10,645</u>	<u>11,963</u>	<u>137,371</u>
Total expenses	<u>\$ 1,918,382</u>	<u>\$ 573,304</u>	<u>\$ 492,509</u>	<u>\$ 481,308</u>	<u>\$ 245,402</u>	<u>\$ 232,453</u>	<u>\$ 3,943,358</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Management and general</u>			
	Administrative support	Facility services	Total management and general services	Total expenses
Advertising and publicity	\$ 49,190	\$ -	\$ 49,190	\$ 58,280
Armed Forces Comptroller Journal	-	-	-	10,736
Bank charges and fees	330	-	330	34,550
Certification	-	-	-	77,737
Charitable contributions	1,682	-	1,682	15,985
Conference and meeting expenses	5,479	-	5,479	1,511,842
Contract services	58,692	-	58,692	470,571
Depreciation and amortization	1,500	31,522	33,022	33,022
Education and training expenses	4,846	-	4,846	390,393
Employee professional development	9,950	-	9,950	17,837
Equipment rental and maintenance	-	17,976	17,976	17,976
Facility maintenance	4,841	64,868	69,709	69,709
Information management	235,953	-	235,953	238,119
In-kind legal services	31,573	-	31,573	31,573
Insurance and taxes	25,178	32,402	57,580	57,580
Membership and chapter development	-	-	-	41,485
Miscellaneous expenses	813	-	813	813
Office supplies and equipment	35,318	-	35,318	37,490
Payroll taxes and benefits	66,885	6,700	73,585	309,860
Postage and delivery	5,548	-	5,548	25,972
Printing and copying	7,285	-	7,285	103,132
Professional services	96,537	-	96,537	96,537
Salaries	266,388	26,685	293,073	1,234,109
Travel expenses	2,033	-	2,033	10,853
Allocation of facility services	<u>42,782</u>	<u>(180,153)</u>	<u>(137,371)</u>	<u>-</u>
Total expenses	<u>\$ 952,803</u>	<u>\$ -</u>	<u>\$ 952,803</u>	<u>\$ 4,896,161</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (810,709)	\$ (310,197)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	30,487	33,022
Unrealized (gain) loss on investments	(110,796)	434,317
Realized loss (gain) on investment	87,057	(1,753)
Gain on extinguishment of debt	-	(163,893)
Decrease (increase) in assets:		
Accounts receivable	(384,979)	111,014
Prepaid expenses	(9,186)	(708)
Increase (decrease) in liabilities:		
Accounts payable	(52,703)	135,054
Accrued compensation	56,032	(16,616)
Deferred revenue	90,937	27,348
Security deposits, tenants	<u>(3,450)</u>	<u>-</u>
Total adjustments	<u>(296,601)</u>	<u>557,785</u>
Net cash (used in) provided by operating activities	<u>(1,107,310)</u>	<u>247,588</u>
Cash flows from investing activities:		
Purchases of investments	(5,456,370)	(3,994,153)
Proceeds from sales of investments	6,387,406	3,416,483
Purchases of property and equipment	<u>(257,852)</u>	<u>(130,584)</u>
Net cash provided by (used in) investing activities	<u>673,184</u>	<u>(708,254)</u>
Net decrease in cash	(434,126)	(460,666)
Cash, beginning of year	<u>502,680</u>	<u>963,346</u>
Cash, end of year	<u>\$ 68,554</u>	<u>\$ 502,680</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2023 and 2022

1. Organization

The American Society of Military Comptrollers (the Organization) was established in 1948 and operates as a nonprofit professional society headquartered in Alexandria, Virginia. The Organization 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

a. Basis of presentation

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (USGAAP) for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion.
- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statements of activities.

The Organization has no net assets with donor restrictions at June 30, 2023 and 2022.

b. Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with USGAAP.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2023 and 2022

c. Use of estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures 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.

d. Fair value measurements

US GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. US GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means..
- Level 3 - Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

Valuation Techniques

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2023 and 2022.

- Exchange-traded funds: Valued at the closing quoted price in an active market.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2023 and 2022

e. Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. The Organization is not classified as a private foundation for tax reporting purposes.

The Organization is not aware of any activities that would jeopardize their tax exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If material omissions of income exist, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of June 30, 2023, the Organization had no uncertain tax positions which should be recognized as a liability. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2019.

f. Cash

For financial statement purposes, the Organization classifies demand deposits as cash and short-term investments with an original maturity of three months or less as cash equivalents. However, cash and cash equivalents held temporarily within the investment portfolio are not considered cash equivalents.

g. Accounts receivable

Accounts receivable are due in less than one year and stated at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2023 and 2022, all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized. However, actual write-offs may occur.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2023 and 2022

h. Investments

Investments are reported at fair value and interest, dividends, realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by the donor or law. Investment return is reported net external and direct internal investment expenses. The Organization invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements.

i. Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

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

The Organization's policy is to capitalize major additions and improvements over \$5,000. Repairs and maintenance transactions over \$10,000 are capitalized when the transaction extends the useful life of the property and equipment.

j. Revenue recognition

Rental income: The Organization rents out a portion of the building to tenants. Revenue from rental income is recognized straight-line over the life of the lease.

PDI income: The Organization holds an annual PDI conference. Performance obligations include entrance to the event or recognition at the event. Income is recognized at the point in time that performance obligations are satisfied, which is when the event takes place. Refunds, although rarely used, are permitted. Fees received relating to future periods are recorded as deferred revenue in the accompanying statements of financial position.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2023 and 2022

Certification fees: Certification fees include examination fees, renewals, educational courses and related materials. The performance obligation for examination fees and renewals is access to the exam, which is satisfied at the point in time of registration. The Organization recognizes course fees ratably over the course period using the time elapse method, an input measure, as it best depicts the simultaneous consumption and delivery of these services. Fees received for educational materials are recognized at the point in time when educational materials are provided. Fees received relating to future periods are recorded as deferred revenue in the accompanying statements of financial position.

Membership dues: Membership dues are comprised of exchange elements based on the value of benefits provided. The Organization allows continuous access to content, platforms, education and networking opportunities. These are the primary and material benefits provided as part of the membership dues and are considered to be one performance obligation, as the included services are substantially the same and have a similar pattern of transfer. The Organization recognizes membership dues ratably over the membership period using the time elapse method, an input measure, as it best depicts the simultaneous consumption and delivery of these services. The annual membership fee is nonrefundable and received in advance. Dues received in advance that are applicable to future periods are included in deferred revenue in the accompanying statements of financial position.

There were no significant judgments involved in the methodology used by the Organization to recognize revenue from contracts with customers.

In-kind contributions: Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited.

k. Advertising expense

The Organization expenses the cost of advertising as incurred. Advertising expense for the years ended June 30, 2023 and 2022 was \$281,630 and \$58,280, respectively.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2023 and 2022

I. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs, such as salaries and payroll taxes and benefits have been allocated among programs and administrative support services based on staff level of effort. Costs for facility services, such as depreciation and amortization, equipment rental and maintenance, facility maintenance, insurance and taxes, payroll taxes and benefits, and salaries have been allocated among programs and administrative support services based on staff level of effort. All other expenses are charged directly to the program or supporting service to which they relate.

3. Liquidity and Availability

The following represents the Organization's financial assets at June 30:

Financial assets at year end:	<u>2023</u>	<u>2022</u>
Cash	\$ 68,554	\$ 502,680
Accounts receivable	1,271,696	886,717
Investments	<u>3,805,994</u>	<u>4,713,291</u>
Total financial assets	<u>5,146,244</u>	<u>6,102,688</u>
Less amounts not available within one year:		
Investments - long term Certificates of Deposit	<u>(1,733,556)</u>	<u>(2,940,388)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,412,688</u>	<u>\$ 3,162,300</u>

The Organization's goal is generally to maintain financial assets to meet 6 months of operating expenses (approximately \$2,500,000 based on 2022 expenses). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

4. Concentrations of Credit Risk

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2023 and 2022, the Organization had bank deposits in excess of FDIC limits of \$337,863 and \$550,453, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2023 and 2022

5. Investments and Fair Value Measurements

Assets measured at fair value on a recurring basis at June 30, 2023 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Exchange-traded funds	<u>\$ 2,037,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,037,520</u>
Total assets	<u>\$ 2,037,520</u>	<u>\$ -</u>	<u>\$ -</u>	2,037,520
Certificates of deposit*				1,735,052
Cash*				<u>33,422</u>
Total investments				<u>\$ 3,805,994</u>

Assets measured at fair value on a recurring basis at June 30, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Exchange-traded funds	<u>\$ 525,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,575</u>
Total assets	<u>\$ 525,575</u>	<u>\$ -</u>	<u>\$ -</u>	525,575
Certificates of deposit*				3,699,515
Cash*				<u>488,201</u>
Total investments				<u>\$ 4,713,291</u>

* Reported at amortized cost, which approximates fair value

6. Property and Equipment, Net

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

	<u>2023</u>	<u>2022</u>
Land	\$ 1,192,595	\$ 1,192,595
Building and improvements	1,003,230	992,677
Furniture and fixtures	76,511	76,511
Software	481,088	233,791
Computer equipment	74,488	74,488
Office equipment	<u>15,601</u>	<u>15,601</u>
Property and equipment	2,843,513	2,585,663
Accumulated depreciation and amortization	<u>(812,682)</u>	<u>(782,197)</u>
Total property and equipment, net	<u>\$ 2,030,831</u>	<u>\$ 1,803,466</u>

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Notes to the Financial Statements

June 30, 2023 and 2022

7. Paycheck Protection Program Loan

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

8. Commitments

Commitments

The Organization has contractual commitments with several convention centers and hotels for its PDI symposiums from 2024 to 2026. As of December 7, 2023, which is the date the financial statements were available to be issued, the minimum commitments for PDI symposiums are as follows for the years ending June 30:

	<u>Rental fee</u>
2024	\$ 1,023,646
2025	300,559
2026	<u>182,345</u>
Total	<u>\$ 1,506,550</u>

Subtenant agreement

The Organization owns a building in Alexandria, Virginia. During the year ended June 30, 2022, there was one entity that shared the space and paid rent to the Organization. The original lease agreement was signed in 2010 and there is no official renewal of the contract. The lease renewed automatically every month. The tenant terminated their lease agreement on June 2022 and there are no new tenants scheduled to move in. There were no tenant for the year ended June 30, 2023.

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Notes to the Financial Statements

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9. Disaggregation of Revenue and Contract Balances

Disaggregated revenue as of the years ended June 30 is as follows:

	<u>2023</u>	<u>2022</u>
<u>Timing of Revenue Recognition:</u>		
Goods and services transferred at a point in time	\$ 4,772,576	\$ 3,706,362
Services transferred over time	<u>738,414</u>	<u>971,255</u>
Total revenue	<u>\$ 5,510,990</u>	<u>\$ 4,677,617</u>

Various economic factors affect the recognition of revenue and cash flows, including the Organization's ability to hold events and provide education services. Any negative economic impact to these areas could significantly affect revenues and cash flows. For the years ended June 30, 2023 and 2022, the Organization was able to hold the PDI conference as a hybrid event and provide certification services. No significant events occurred that had a material impact on the Organization's revenue recognition or cash flows for the years ended June 30, 2023 and 2022.

The timing of revenue recognition, billings and cash collections could result in billed accounts receivable (contract asset) and deferred revenue (contract liabilities) on the statements of financial position. Deferred revenue is liquidated when services are performed or events have occurred. Membership dues are invoiced annually, certification fees are invoiced as needed, PDI sponsorships are invoiced as committed. Payments are typically due within 30 days. Rental income is collected monthly, with payments due at the beginning of each month.

The beginning and ending contract balances were as follows at June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 1,271,696	\$ 886,717	\$ 997,731
Deferred revenue	\$ 591,221	\$ 500,284	\$ 472,936

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10. In-Kind Contributions

The Organization's financial statements include in-kind contributions revenue and support, and associated expense for legal services that would typically be solicited if not provided as an in-kind contribution. These services require specialized skill and are recognized at the fair value when pledged, and expenses when services are rendered. The fair value of these services is provided by the service provider, based on the date and the market in which the service is rendered. There were no donor restrictions associated with the donated service.

11. Retirement Plan

The Organization maintains a 401(k) plan (the Plan) for all employees, with matching contributions of up to 6% of earnings for those who have completed six months of service and met the requirements below. Participants may make voluntary contributions to the Plan up to the maximum allowable by law. The Organization'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 the Organization's contributions. Retirement plan expense for the years ended June 30, 2023 and 2022 was \$63,129 and \$74,480, respectively.

12. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 7, 2023, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.