

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC.,
MGMA REALTY CORP., MGMA SERVICES, INC.,
AND ACMPE SCHOLARSHIP FUND, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



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**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
MGMA-ACMPE, MGMA Center for Research, Inc.,
MGMA Realty Corp., MGMA Services, Inc., and
ACMPE Scholarship Fund, Inc.
Englewood, Colorado

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the MGMA-ACMPE, MGMA Center for Research, Inc., MGMA Realty Corp., MGMA Services, Inc., and ACMPE Scholarship Fund, Inc., (collectively, the Association) which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors
MGMA-ACMPE, MGMA Center for Research, Inc.,
MGMA Realty Corp., MGMA Services, Inc., and
ACMPE Scholarship Fund, Inc.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Association's 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's 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.

Board of Directors
MGMA-ACMPE, MGMA Center for Research, Inc.,
MGMA Realty Corp., MGMA Services, Inc., and
ACMPE Scholarship Fund, Inc.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2024 and 2023 consolidating statements of changes in net assets as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
December 13, 2024

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,566,935	\$ 7,987,285
Investments	44,001,617	38,326,765
Accounts Receivable, Net of Allowance of \$150,000 and \$125,000 at June 30, 2024 and 2023, Respectively	2,320,223	1,986,580
Prepayments	<u>1,335,219</u>	<u>1,248,042</u>
Total Current Assets	58,223,994	49,548,672
PROPERTY AND EQUIPMENT		
Building	5,961,065	5,961,065
Furniture and Equipment	6,460,674	6,343,274
Land	<u>820,745</u>	<u>820,745</u>
Subtotal	13,242,484	13,125,084
Less: Accumulated Depreciation and Amortization	<u>(10,901,404)</u>	<u>(10,711,707)</u>
Net Property and Equipment	2,341,080	2,413,377
OTHER ASSETS		
Restricted Investments	762,266	760,968
Deferred Tax Asset	626,199	635,821
Other Long-Term Assets	62,733	64,244
Operating Right-of-Use Asset	<u>1,548,250</u>	<u>2,028,387</u>
Total Other Assets	<u>2,999,448</u>	<u>3,489,420</u>
Total Assets	<u><u>\$ 63,564,522</u></u>	<u><u>\$ 55,451,469</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,216,846	\$ 741,267
Accrued Liabilities	2,388,970	2,128,969
Current Portion of Lease Liability- Operating	598,081	565,636
Current Portion of Obligations Under Finance Leases	16,433	9,278
Unearned Revenue - Membership Dues	4,792,388	4,421,380
Unearned Revenue - Fees and Services	<u>8,232,250</u>	<u>6,985,085</u>
Total Current Liabilities	17,244,968	14,851,615
LONG-TERM LIABILITIES		
Long-Term Lease Liability- Operating	1,300,574	1,898,665
Long-Term Obligations Under Finance Leases	<u>41,719</u>	<u>7,424</u>
Total Liabilities	18,587,261	16,757,704
NET ASSETS		
Without Donor Restrictions	43,529,143	37,398,235
With Donor Restrictions	<u>1,448,118</u>	<u>1,295,530</u>
Total Net Assets	<u>44,977,261</u>	<u>38,693,765</u>
Total Liabilities and Net Assets	<u><u>\$ 63,564,522</u></u>	<u><u>\$ 55,451,469</u></u>

See accompanying Notes to Consolidated Financial Statements.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Information and Publication Services	\$ 19,287,297	\$ -	\$ 19,287,297
Less: Costs of Goods Sold	(45,757)	-	(45,757)
Net Information and Publication Services	19,241,540	-	19,241,540
Membership Dues	10,161,494	-	10,161,494
Conference and Education Services	5,898,595	-	5,898,595
Consulting Services	781,422	-	781,422
Membership Lists and Affinity Services	384,530	-	384,530
Grants and Other Contributions	-	1,298	1,298
Certification Services	436,089	-	436,089
Other	28,026	-	28,026
Net Assets Released from Restrictions	28,500	(28,500)	-
Total Support and Revenue	36,960,196	(27,202)	36,932,994
EXPENSES			
Program Services:			
Membership Services	3,632,211	-	3,632,211
Conference and Education Services	10,081,143	-	10,081,143
Information and Publication Services	3,487,065	-	3,487,065
Consulting Services	998,796	-	998,796
Government Affairs	2,526,774	-	2,526,774
Scholarship Awards	28,500	-	28,500
Certification Services	250,159	-	250,159
Total Program Services	21,004,648	-	21,004,648
Supporting Services:			
Management and General	12,652,411	-	12,652,411
Marketing	2,648,341	-	2,648,341
Committees	299,344	-	299,344
Total Supporting Services	15,600,096	-	15,600,096
Total Expenses	36,604,744	-	36,604,744
CHANGES IN NET ASSETS FROM OPERATIONS	355,452	(27,202)	328,250
Gain on Deferred Tax Asset	30,206	-	30,206
Investment Income	981,638	46,567	1,028,205
Net Realized and Unrealized Gain on Investments	4,763,612	133,223	4,896,835
CHANGES IN NET ASSETS	6,130,908	152,588	6,283,496
Net Assets - Beginning of Year	37,398,235	1,295,530	38,693,765
NET ASSETS - END OF YEAR	<u>\$ 43,529,143</u>	<u>\$ 1,448,118</u>	<u>\$ 44,977,261</u>

See accompanying Notes to Consolidated Financial Statements.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Information and Publication Services	\$ 18,513,216	\$ -	\$ 18,513,216
Less: Costs of Goods Sold	(42,506)	-	(42,506)
Net Information and Publication Services	18,470,710	-	18,470,710
Membership Dues	9,790,496	-	9,790,496
Conference and Education Services	5,270,308	-	5,270,308
Consulting Services	892,705	-	892,705
Membership Lists and Affinity Services	540,638	-	540,638
Grants and Other Contributions	-	545	545
Certification Services	594,041	-	594,041
Other	449,624	-	449,624
Net Assets Released from Restrictions	30,000	(30,000)	-
Total Support and Revenue	36,038,522	(29,455)	36,009,067
EXPENSES			
Program Services:			
Membership Services	3,754,843	-	3,754,843
Conference and Education Services	9,462,071	-	9,462,071
Information and Publication Services	3,239,995	-	3,239,995
Consulting Services	1,133,346	-	1,133,346
Government Affairs	2,341,251	-	2,341,251
Scholarship Awards	30,000	-	30,000
Certification Services	312,978	-	312,978
Total Program Services	20,274,484	-	20,274,484
Supporting Services:			
Management and General	11,153,237	-	11,153,237
Marketing	2,605,645	-	2,605,645
Committees	321,929	-	321,929
Total Supporting Services	14,080,811	-	14,080,811
Total Expenses	34,355,295	-	34,355,295
CHANGES IN NET ASSETS FROM OPERATIONS	1,683,227	(29,455)	1,653,772
Gain on Deferred Tax Asset	4,281	-	4,281
Investment Income	834,403	37,903	872,306
Net Realized and Unrealized Loss on Investments	3,320,405	80,390	3,400,795
CHANGES IN NET ASSETS	5,842,316	88,838	5,931,154
Net Assets - Beginning of Year	31,555,919	1,206,692	32,762,611
NET ASSETS - END OF YEAR	<u>\$ 37,398,235</u>	<u>\$ 1,295,530</u>	<u>\$ 38,693,765</u>

See accompanying Notes to Consolidated Financial Statements.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services							Supporting Services				
	Membership Services	Conference and Education Services	Information and Publication Services	Consulting Services	Government Affairs	Scholarship Awards	Certification Services	Total Program Services	Management and General	Marketing	Committees	Total
Salaries and Benefits	\$ 2,728,176	\$ 4,525,068	\$ 2,286,846	\$ 331,921	\$ 1,419,709	\$ -	\$ 84,411	\$ 11,376,131	\$ 8,328,758	\$ 1,143,988	\$ -	\$ 20,848,877
Supplies and Travel	132,351	3,341,318	181,922	33,825	105,688	28,500	26,591	3,850,195	254,502	40,941	178,473	4,324,111
Services and Professional Fees	603,386	1,813,175	842,900	589,461	490,811	-	125,725	4,465,458	3,007,554	1,463,412	120,871	9,057,295
Office and Occupancy	132,671	316,570	175,314	34,554	487,712	-	10,588	1,157,409	849,635	-	-	2,007,044
Depreciation and Interest	35,627	85,012	45,840	9,035	22,854	-	2,844	201,212	211,962	-	-	413,174
Total Expenses by Function	3,632,211	10,081,143	3,532,822	998,796	2,526,774	28,500	250,159	21,050,405	12,652,411	2,648,341	299,344	\$ 36,650,501
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:												
Cost of Goods Sold- Publications	-	-	(45,757)	-	-	-	-	(45,757)	-	-	-	(45,757)
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	\$ 3,632,211	\$ 10,081,143	\$ 3,487,065	\$ 998,796	\$ 2,526,774	\$ 28,500	\$ 250,159	\$ 21,004,648	\$ 12,652,411	\$ 2,648,341	\$ 299,344	\$ 36,604,744

See accompanying Notes to Consolidated Financial Statements.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services							Supporting Services				
	Membership Services	Conference and Education Services	Information and Publication Services	Consulting Services	Government Affairs	Scholarship Awards	Certification Services	Total Program Services	Management and General	Marketing	Committees	Total
Salaries and Benefits	\$ 2,941,959	\$ 5,007,170	\$ 2,244,831	\$ 392,694	\$ 1,390,017	\$ -	\$ 105,171	\$ 12,081,842	\$ 8,101,350	\$ 1,287,955	\$ -	\$ 21,471,147
Supplies and Travel	137,680	2,665,997	190,674	39,712	105,142	30,000	16,986	3,186,191	164,984	98,827	127,406	3,577,408
Services and Professional Fees	468,561	1,389,066	642,033	653,311	352,319	-	175,570	3,680,860	1,789,326	1,218,863	194,523	6,883,572
Office and Occupancy	176,421	328,482	168,385	39,129	476,367	-	12,529	1,201,313	924,951	-	-	2,126,264
Depreciation and Interest	30,222	71,356	36,578	8,500	17,406	-	2,722	166,784	172,626	-	-	339,410
Total Expenses by Function	3,754,843	9,462,071	3,282,501	1,133,346	2,341,251	30,000	312,978	20,316,990	11,153,237	2,605,645	321,929	34,397,801
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:												
Cost of Goods Sold- Publications	-	-	(42,506)	-	-	-	-	(42,506)	-	-	-	(42,506)
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	\$ 3,754,843	\$ 9,462,071	\$ 3,239,995	\$ 1,133,346	\$ 2,341,251	\$ 30,000	\$ 312,978	\$ 20,274,484	\$ 11,153,237	\$ 2,605,645	\$ 321,929	\$ 34,355,295

See accompanying Notes to Consolidated Financial Statements.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,283,496	\$ 5,931,154
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	413,174	339,410
Non-cash Lease Expense	480,137	464,294
Net Realized and Unrealized Gain on Investments	(4,896,835)	(3,400,795)
Gain on Deferred Tax Asset	(30,206)	(4,281)
Contributions Restricted to Endowment	(1,298)	(545)
Deferred Taxes	39,828	51,533
(Increase) Decrease in Assets:		
Accounts Receivable	(333,643)	38,831
Prepayments	(87,177)	9,310
Other Assets	1,511	17,760
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	735,580	1,768
Operating Lease Liability	(565,646)	(534,480)
Unearned Revenue	1,618,173	1,034,105
Net Cash Provided by Operating Activities	<u>3,657,094</u>	<u>3,948,064</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(280,373)	(492,650)
Purchases of Investments	(6,809,876)	(41,099,843)
Proceeds from Sale of Investments	6,030,561	40,302,433
Net Cash Used by Investing Activities	<u>(1,059,688)</u>	<u>(1,290,060)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	1,298	545
Payment of Finance Lease Obligations	(19,054)	(8,814)
Net Cash Provided (Used) by Financing Activities	<u>(17,756)</u>	<u>(8,269)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,579,650	2,649,735
Cash and Cash Equivalents - Beginning of Year	<u>7,987,285</u>	<u>5,337,550</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 10,566,935</u></u>	<u><u>\$ 7,987,285</u></u>

See accompanying Notes to Consolidated Financial Statements.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of MGMA-ACMPE, MGMA Center for Research, Inc., MGMA Realty Corp., MGMA Services, Inc., and ACMPE Scholarship Fund, Inc. (collectively, the Association) is presented to assist in understanding the Association's consolidated financial statements. The consolidated financial statements and notes are representations of the Association's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP).

Organization

Effective January 1, 2012, members of Medical Group Management Association (MGMA) and its standard-setting body, the American College of Medical Practice Executives (ACMPE), voted to merge to form a new association, MGMA-ACMPE. MGMA-ACMPE is a nonprofit corporation organized to advance the profession of medical group practice management and the industry of health care delivery. MGMA, founded in 1926, is composed of individual and organizational members responsible for the business administration of medical groups and clinics. ACMPE was founded in 1956 to encourage education and certification of medical practice executives.

MGMA Center for Research, Inc. (MGMA CFR) is a nonprofit, charitable corporation whose purpose is to conduct research projects, studies, and training programs in the area of ambulatory health care administration leading to information and publication services through grants received from foundations and other sources. MGMA CFR is dependent upon MGMA-ACMPE's continued support.

MGMA Realty Corp. (MGMA Realty) is a nonprofit affiliate of MGMA-ACMPE. MGMA Realty was established and began operations in 1990 for the purpose of owning and renting office buildings.

MGMA Services, Inc. (MGMA Services) was incorporated in the state of Colorado and is a wholly owned, for-profit subsidiary of MGMA-ACMPE. MGMA Services was established to engage in activities that further the provision of high-quality medical management services or otherwise assist medical group practices in delivering efficient and effective health care. MGMA Services is dependent upon MGMA-ACMPE's continued support.

ACMPE Scholarship Fund, Inc. (SFI) was organized to administer scholarship programs endowed by individual members, groups, and members of the general public that shall assist individuals who wish to pursue careers in ambulatory health care administration or other worthy individuals to receive an education.

MGMA state associations are organized to advance the profession of medical group practice management and the industry of health care delivery at a statewide level in each associations respective state.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Principles of Consolidation

The consolidated financial statements include the accounts of MGMA-ACMPE, MGMA CFR, MGMA Realty, MGMA Services, and SFI, which are under common management and controlled by separate boards of directors composed of the same members. MGMA Realty was organized for the purpose of holding title to property and distributing profits to MGMA-ACMPE. MGMA-ACMPE, MGMA Services, SFI, and MGMA CFR are housed in facilities owned by MGMA Realty, and certain MGMA-ACMPE employees perform work for all organizations. MGMA Services is a wholly owned subsidiary of MGMA-ACMPE with a separate board of directors. Seventeen MGMA state associations are included in the consolidated financial statements as MGMA-ACMPE is the sole corporate member of such associations and has the ability to appoint and remove board members of the state associations. All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The Association's policy is to prepare its consolidated financial statements on the accrual basis in conformity with U.S. GAAP. The Association accounts for its net assets, revenues, gains, expenses and losses based upon the existence or absence of donor-imposed restrictions. A description of the net asset categories follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board of directors has designated, from net assets without donor restrictions, net assets for endowment fund scholarships.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature when the donor stipulates that resources must be maintained in perpetuity.

The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are defined as money market deposits, checking and savings accounts, certificates of deposit, and repurchase agreements with original maturities of less than 90 days, excluding cash equivalents held as part of the Association's investment portfolio, which are classified as investments. As of June 30, 2024 and 2023, balances in excess of federally insured limits totaled approximately \$10,347,878 and \$7,572,053, respectively.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position.

Restricted Investments

Restricted investments represent donor-restricted scholarship fund balances that must be maintained in perpetuity. There are no donor restrictions that require scholarship fund balances to be maintained in separate accounts. The Association commingles scholarship funds with the other investments of the Association, as is specified by the charters of the scholarship funds.

Accounts Receivable

The Association extends credit to customers for payment for goods and services provided. The Association provides an allowance for credit losses using a formula that is based upon prior collections history with similar accounts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

An allowance for credit losses related to accounts receivable is established based upon historical collection rates by age of receivable and adjusted for reasonable expectations of future collection performance, net of estimated recoveries. The Association periodically assesses its methodologies for estimating credit losses in consideration of actual experience, trends, and changes in the overall economic environment. As of June 30, 2024 and 2023, the allowance for credit losses was \$150,000 and \$125,000, respectively.

Prepayments

Prepayments consist mainly of deposits and other costs associated with the preparation of upcoming programs sponsored by MGMA-ACMPE. Prepayments related to holding the programs are recognized as expense in the year the program is held.

Property and Equipment

Property and equipment having a unit cost greater than \$5,000 and a useful life of more than three years are capitalized at cost when purchased. Depreciation and amortization are computed on the straight-line method over estimated useful lives as follows:

Building	20 Years
Building Improvements	10 Years
Furniture and Furniture	5 to 10 Years
Computer Hardware	5 Years
Computer Software	3 to 5 Years

Expenditures for maintenance, repairs, and minor replacements are charged to operations, and expenditures for major replacements and betterments are capitalized.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Long-Lived Assets

The Association reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Association looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. Through June 30, 2024, no impairment has been deemed necessary.

Revenue Recognition

Information and publication services revenue is comprised of sales of various surveys, periodicals, books and related advertising, most of which are provided electronically. Revenue for products purchased on a stand-alone basis is recognized when the item is purchased by and provided to the customer. Revenue for products bundled with an organization membership as described below is recognized ratably over the term of the contract (typically 12 months). Costs incurred for stand-alone publications below \$30,000 are expensed in the year incurred. Costs for stand-alone publications exceeding \$30,000 are recorded as publications inventory. There was no publications inventory as of June 30, 2024 and 2023.

Membership dues revenue consists of revenue from individual memberships and organization memberships. Individual memberships are renewed on an anniversary date basis and the revenue is recognized ratably over the membership period since there are no distinct performance obligations and the membership benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period. Organization memberships are renewed on an anniversary date basis and consist of various member benefits, access to industry data via software, and admission to the next annual conference, all three of which are considered separate performance obligations that are allocated a price using the standalone selling price method. The various member benefits and access to industry data are considered bundled groups of performance obligations that are delivered to members throughout the membership period and therefore revenue is recognized ratably of the term of the contract (typically 12 months). Conference admission is deferred and recognized at point over time during the time period the annual conference occurs. The access to industry data portion of organization membership revenue is included in information and publication services in the consolidated statements of activities.

Conference and education services revenue includes revenue from conference attendees, seminars, webinars, sponsorships, exhibitions and advertising at the Association's conferences. Revenue is recognized at point over time during the time period the conferences and educational programs occur.

Consulting services revenue is recognized over time based on the input method as the Association consumes resources, expends labor hours, and incurs cost.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

Membership lists and affinity revenue consists of fees in exchange for licensing the Association's intellectual property. Fees are calculated as a percentage of products sold by a third party that include the Association's intellectual property. Revenue is recognized as products are sold by a third party.

Prepaid dues are included in unearned revenue – membership dues in the consolidated statements of financial position. Customer prepayments in advance of information and publication services, conference and education services, consulting services, and membership and affinity services are recorded as unearned revenue – fees and services in the consolidated statements of financial position.

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits presented as unearned revenue (contract liabilities) on the consolidated statements of financial position. Amounts are either billed when as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly) or upon achievement of contractual milestones. Generally, billing to customers occurs at the beginning of contract periods after customer orders are received, resulting in contract liabilities. These deposits are recognized as revenue when earned and removed from unearned revenue. However, the Association sometimes bills customers after services have been provided, resulting in accounts receivable.

The beginning and ending contract balances are as follows as of June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Accounts Receivable	\$ 2,320,223	\$ 1,986,580	\$ 2,025,411
Unbilled Receivables	-	-	-
Deferred Revenue	13,024,638	11,406,465	10,372,360

Functional Expense Allocation

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services using factors such as direct payroll allocation, full-time equivalents within each department, time and effort estimates, and the ratio of direct expenses incurred by departments compared to total direct expenses of the related business unit. Management and general expenses include those expenses that are not directly identifiable with any other program service but provide for the overall support and direction of the Association. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, occupancy, supplies and travel, information technology, insurance, depreciation, and amortization which are allocated on the basis of employee full-time equivalent allocations.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

MGMA-ACMPE, MGMA CFR, MGMA Realty, and SFI are nonprofit corporations as defined by the Internal Revenue Code Sections 501(c)(6) (MGMA-ACMPE and MGMA state associations), 501(c)(3) (MGMA CFR and SFI), and 501(c)(2) (MGMA Realty) and are exempt from federal income taxes on their related activities. Accordingly, income taxes related to MGMA-ACMPE, MGMA CFR, MGMA Realty, and SFI are to be paid only on net revenue unrelated to their tax-exempt activities.

MGMA-ACMPE, to the extent it generates unrelated business income, and MGMA Services, a for-profit C corporation, account for deferred taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts using presently enacted tax rates. Deferred tax assets are recognized for net operating loss carryforwards and are reduced by a valuation allowance, which is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Uncertain Tax Positions

The Association applies a more likely than not measurement methodology to reflect the consolidated financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized for the years ended June 30, 2024 and 2023.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as management and general expense. No interest or penalties have been assessed as of June 30, 2024 and 2023.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Leases

The Association leases office space. The Association determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment, current portion of obligations under finance leases, and long-term obligations under finance leases on the consolidated statements of financial position.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leases (Continued)

ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Association uses a risk-free discount rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Association has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

The Association has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and nonlease complement as a single lease component.

The Association's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Association considers factors such as if the Association has obtained substantially all of the rights to the underlying asset through exclusivity, if the Association can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Association has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Adoption of New Accounting Standards

As of July 1, 2023, the Association adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. There was no cumulative net asset adjustment as the implementation of Topic 326 did not have a material impact on the financial statements.

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NOTE 2 LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2024	2023
Cash and Cash Equivalents	\$ 10,566,935	\$ 7,987,285
Accounts Receivable	2,320,223	1,986,580
Investments	44,763,883	39,087,733
Financial Assets at Year-End	<u>57,651,041</u>	<u>49,061,598</u>
Less:		
Donor Restricted Net Assets	(1,448,118)	(1,295,530)
Board-Designated Net Assets	<u>(215,438)</u>	<u>(188,227)</u>
Total Financial Assets Available to Meet Cash		
Needs for General Expenditure within One Year	<u>\$ 55,987,485</u>	<u>\$ 47,577,841</u>

The Association's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

It is the policy of the Association to maintain operating funds in checking accounts for purposes of liquidity. The Association will take advantage of earnings potential, if practical, through the use of controlled disbursement information allowing excess funds in operating accounts to be invested in short-term instruments. The Association maintains accounts necessary for daily operations, payroll, credit card receipts and other purposes that may arise.

NOTE 3 INVESTMENTS AND RESTRICTED INVESTMENTS

Investments are reflected in the following accounts on the consolidated statements of financial position:

	2024	2023
Investments	\$ 44,001,617	\$ 38,326,765
Restricted Investments	762,266	760,968
Total	<u>\$ 44,763,883</u>	<u>\$ 39,087,733</u>

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
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NOTE 3 INVESTMENTS AND RESTRICTED INVESTMENTS (CONTINUED)

Investments and restricted investments are comprised of the following:

	2024	2023
Cash and Cash Equivalents	\$ 681,220	\$ 392,837
Equities:		
Mutual Funds and Exchange Traded Funds	32,451,091	28,024,954
Fixed Income:		
Mutual Funds and Exchange Traded Funds	3,322,566	4,713,779
Alternative Investments:		
Alternative Investments	8,309,006	5,956,163
Total	<u>\$ 44,763,883</u>	<u>\$ 39,087,733</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The Association values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

Level 1 – Quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3 – Unobservable inputs are used when little or no market data is available.

In determining fair value, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Mutual Funds, Exchange-Traded Funds, and Equities are valued at the closing price reported on the active market on which the funds and individual securities are traded.

There were no changes to the valuation techniques used during the period.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The Association uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of its alternative investments - certain hedge funds, private equity funds, real estate funds and private debt funds, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Financial assets carried at fair value measured on a recurring basis as of June 30, 2024 and 2023 are classified in the tables below in one of the three categories described above:

	2024				
	Not Leveled	Level 1	Level 2	Level 3	Total
Investments:					
Cash and Cash Equivalents	\$ 681,220	\$ -	\$ -	\$ -	\$ 681,220
Equities:					
Mutual Funds and					
Exchange Traded Funds	-	32,451,091	-	-	32,451,091
Fixed Income:					
Mutual Funds and					
Exchange Traded Funds	-	3,322,566	-	-	3,322,566
Total Investments					
Measured at Fair Value	<u>\$ 681,220</u>	<u>\$ 35,773,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>36,454,877</u>
Investments Measured at NAV:					<u>8,309,006</u>
Total Investments and					
Restricted Investments					<u>\$ 44,763,883</u>
	2023				
	Not Leveled	Level 1	Level 2	Level 3	Total
Investments:					
Cash and Cash Equivalents	\$ 392,837	\$ -	\$ -	\$ -	\$ 392,837
Equities:					
Mutual Funds and					
Exchange Traded Funds	-	28,024,954	-	-	28,024,954
Fixed Income:					
Mutual Funds and					
Exchange Traded Funds	-	4,713,779	-	-	4,713,779
Total Investments					
Measured at Fair Value	<u>\$ 392,837</u>	<u>\$ 32,738,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>33,131,570</u>
Investments Measured at NAV:					<u>5,956,163</u>
Total Investments and					
Restricted Investments					<u>\$ 39,087,733</u>

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30:

	<u>Number of Investments</u>	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>June 30, 2024</u>					
Low Correlated Hedge Funds	1	\$ 1,399,321	\$ -	Semi-Annually	95 days
Private Equity Funds	1	2,944,921	-	Quarterly	30 days
Real Estate Funds	1	1,598,410	-	Quarterly	90 days
Private Debt Funds	2	2,366,354	480,000	Illiquid	Illiquid
		<u>\$ 8,309,006</u>	<u>\$ 480,000</u>		
<u>June 30, 2023</u>					
Low Correlated Hedge Funds	1	\$ 1,290,933	\$ -	Semi-Annually	95 days
Private Equity Funds	1	2,766,580	-	Quarterly	None
Private Debt Funds	2	1,898,650	960,000	Illiquid	N/A
		<u>\$ 5,956,163</u>	<u>\$ 960,000</u>		

Low Correlated Hedge Funds – Funds focus on institutional quality managers who invest in historically uncorrelated strategies such as relative value, event-driven, equity market neutral, credit opportunities, distressed securities, and various arbitrage-based approaches. The objective of the funds is to produce equity like returns with low volatility and low correlation to the equity and credit markets.

Private Equity Funds – Funds are closed end private equity portfolios that are diversified across geographic markets, investment types, sectors, vintage years, and portfolio managers. The funds are managed with a view toward liquidity and maintaining high investment level. Investments span markets: North America, Europe, Asia, and other Emerging Markets. The funds engage in direct, secondary, primary, and listed private market investments, which provides investors exposure to buyout, venture capital, mezzanine, distressed investments, and other special situations deals.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Private Debt Funds – Funds are a unique illiquid credit structure in that investors obtain immediate access to an existing portfolio of seasoned loans in financing securitizations and bank credit facilities.

Real Estate Funds – Fund manages private equity real estate investments and provides real estate services for domestic and international parties. Its primary focus is on acquiring assets in the operating stage (income producing), and to a lesser degree, assets that are in the development stage of a property's life cycle. The strategy is to maximize value and dispose assets at the optimal time to achieve the best return.

NOTE 5 COMMITMENTS AND CONTINGENCIES

Commitments on Conference Contracts

MGMA-ACMPE enters into contracts to reserve convention and hotel space for future conventions. As of June 30, 2024, MGMA-ACMPE has commitments totaling approximately \$2,657,798 for contracts through 2028.

Employment Agreement

The Association has an employment agreement with its chief executive officer (CEO). The terms of the CEO agreement stipulate that, if her employment is terminated without cause, the Association will continue to pay her salary and certain benefits for 12 months from the date of notice. The terms also state that, if her employment is terminated without cause, six months before or 24 months after a change in control of the Association, the Association will pay a lump sum severance amount of two times the sum of her base salary and target bonus for the year in which the termination occurs within 60 days after the termination date.

Litigation

In the normal course of business, the Association is party to litigation from time to time. The Association maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Association.

NOTE 6 LEASES – ASC 842

The Association leases equipment and office spaces under long-term, noncancelable lease agreements. The leases expire in November 2026 and July 2028 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements require the Association to pay real estate taxes, insurance, repairs and certain operating expenses.

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NOTE 6 LEASES – ASC 842 (CONTINUED)

The following table provides quantitative information concerning the Association's leases as of June 30:

	2024	2023
Lease Costs (Included in Office and Occupancy Expense)		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 19,759	\$ 8,712
Interest on Lease Liabilities	2,434	607
Operating Lease Costs	542,213	542,213
Total Lease Costs	<u>\$ 564,406</u>	<u>\$ 551,532</u>
Other Information:		
Operating Cash Flows from Finance Leases	\$ 2,434	\$ 607
Operating Cash Flows from Operating Leases	\$ 627,717	\$ 612,399
Financing Cash Flows from Finance Leases	\$ 19,054	\$ 8,670
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 2,492,681
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$ 60,259	\$ -
Weighted-Average Remaining Lease Term - Finance Leases	3.7 Years	2.3 Years
Weighted-Average Remaining Lease Term - Operating Leases	3.2 Years	4.2 Years
Weighted-Average Discount Rate - Finance Leases	3.97%	2.85%
Weighted-Average Discount Rate - Operating Leases	2.88%	2.88%

The Association classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2025	\$ 643,409	\$ 18,518
2026	659,478	16,785
2027	412,208	13,320
2028	233,176	13,320
2029	39,021	1,110
Thereafter	-	-
Total Lease Payments	1,987,292	63,053
Less: Interest	(88,637)	(4,901)
Present Value of Lease Liabilities	<u>\$ 1,898,655</u>	<u>\$ 58,152</u>

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NOTE 7 BENEFIT PLANS

401(k) Defined Contribution Plan

Participants in the 401(k) defined contribution plan (the 401(k) plan) may elect to defer pre-tax earnings up to the annual limit as defined by the Internal Revenue Service (IRS). The Association matches the participant's compensation deferral up to 4% of the participant's compensation starting once the employee has six months of service. Matching contributions are made on a pay period basis. Matching employer contributions related to the 401(k) plan during the years ended June 30, 2024 and 2023 totaled \$631,716 and \$562,978, respectively.

At its discretion, the employer may also make a profit sharing contribution to the 401(k) plan in an amount determined by the employer. Profit sharing contributions are determined by management several months after the end of the 401(k) plan calendar year-end. Profit sharing contributions must be disbursed to the plan within nine months following the end of the 401(k) plan calendar year-end. The Association accrued \$389,318 and \$352,262 of estimated profit sharing contributions for the 401(k) plan calendar years ended December 31, 2024 and 2023, respectively. The accrual for the estimated profit sharing contributions is based on the Association's budgeted profit sharing contribution percentage multiplied by budgeted eligible employee salaries.

Employees are eligible to participate in the 401(k) plan once hired and upon attainment of age 21. Employees are eligible to participate in the profit sharing provisions of the 401(k) plan after completing one year of service, consisting of at least 1,000 hours of service, and attaining age 21. Participants are immediately vested in their elective 401(k) plan contributions, employer matching contributions, and any earnings thereon.

Participants' accounts, which include nonvested employer profit sharing contributions, become vested upon attaining normal retirement age of 65, termination of employment due to death or disability, or termination of the 401(k) plan. At any other time, these participants' accounts become vested in accordance with the 401(k) plan.

Self-Funded Health Care Plan

MGMA-ACMPE has a self-funded plan for health care (the health care plan). A stop-loss insurance policy limits the Association's self-insurance liability to \$60,000 per individual per year, exclusive of dental claims and administrative costs. The Association paid approximately \$1,497,879 and \$1,599,544 for administrative expenses and medical, dental, and prescription claims for the years ended June 30, 2024 and 2023, respectively. The Association has recorded an accrual in other accrued liabilities of \$117,000 and \$206,293 as of June 30, 2024 and 2023, respectively, for estimated claims incurred but not yet reported to the health care plan.

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NOTE 8 NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	2024	2023
Subject to Expenditure for Specific Purpose:		
Richardson-Sargent Grants and Fellowships	\$ 243,758	\$ 215,081
Subject to SFI Spending Policy and Appropriation:		
Investment in Perpetuity (Including Amounts Exceeding Original Gift Amounts), the Income from Which is Expendable to Support:		
Scholarship Fund Endowment Earnings	442,094	319,481
Not Subject to Appropriation or Expenditure:		
Scholarship Fund Original Endowment Gifts	762,266	760,968
Total Net Assets with Donor Restrictions	<u>\$ 1,448,118</u>	<u>\$ 1,295,530</u>

All net assets with donor restrictions are funds of SFI.

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30:

	2024	2023
Purpose Restrictions Accomplished:		
Richardson-Sargent Grants and Fellowships	\$ 2,000	\$ 2,000
Release of Appropriated Endowment:		
Scholarship Fund Awards and Expenses	26,500	28,000
Total Restrictions Released	<u>\$ 28,500</u>	<u>\$ 30,000</u>

The Association's governing board has designated net assets without donor restrictions for the following purposes as of June 30:

	2024	2023
Board-Designated for Endowment Fund for Scholarships	<u>\$ 215,438</u>	<u>\$ 188,227</u>

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NOTE 9 ENDOWMENTS

SFI's endowment consists of nine individual funds established to award scholarships. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of SFI has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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.

In accordance with UPMIFA, SFI 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 SFI 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 SFI
- (7) The investment policies of SFI

Return Objectives and Risk Parameters

SFI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the total rate of return of the appropriate index as agreed to by the Association's finance and audit committee (currently a blend of the S&P 500 index and 25% SLAB indices) while assuming a moderate level of investment risk. SFI expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

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MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 9 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, SFI 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). SFI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

SFI has a policy of appropriating for distribution each year the amount over 104% of the historic dollar value of the endowment. In establishing this policy, SFI considered the long-term expected return on its endowment. Accordingly, over the long-term, SFI expects the current spending policy will provide a reliable source of funding for scholarship awards and preserve and enhance the value of the endowment funds annually.

Changes in endowment net assets for the years ended June 30:

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - Beginning of Year	\$ 188,227	\$ 1,080,449	\$ 1,268,676
Contributions	-	1,298	1,298
Investment Return:			
Investment Income	7,302	38,563	45,865
Realized and Unrealized Loss	19,909	110,550	130,459
Total Investment Return	27,211	149,113	176,324
Appropriation of Endowment Assets for Expenditure	-	(26,500)	(26,500)
Endowment Net Assets - End of Year	<u>\$ 215,438</u>	<u>\$ 1,204,360</u>	<u>\$ 1,419,798</u>
	2023		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - Beginning of Year	\$ 170,489	\$ 1,009,672	\$ 1,180,161
Contributions	-	545	545
Investment Return:			
Investment Income	5,869	31,436	37,305
Realized and Unrealized Gain	11,869	66,796	78,665
Total Investment Return	17,738	98,232	115,970
Appropriation of Endowment Assets for Expenditure	-	(28,000)	(28,000)
Endowment Net Assets - End of Year	<u>\$ 188,227</u>	<u>\$ 1,080,449</u>	<u>\$ 1,268,676</u>

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 INCOME TAXES

MGMA-ACMPE generated income tax expense from unrelated business income activities as follows for the years ending June 30:

	2024	2023
Current Income Tax Expense	<u>\$ 39,828</u>	<u>\$ 51,533</u>

The income tax expense shown above was offset by net operating losses that were accumulated in previous years.

MGMA-ACMPE's deferred tax assets are comprised of the following as of June 30:

	2024	2023
Deferred Tax Assets:		
Cumulative Net Operating Losses	\$ 1,297,676	\$ 1,237,101
Valuation Allowance	<u>(671,477)</u>	<u>(601,280)</u>
Net Deferred Tax Asset	<u>\$ 626,199</u>	<u>\$ 635,821</u>

A valuation allowance has been recorded as of year-end as shown above because, based on available evidence, it is more likely than not that, as of June 30, 2024 and 2023, the valuation allowance amount of the deferred tax assets will not be realized.

MGMA Services' deferred tax assets are comprised of the following as of June 30:

	2024	2023
Deferred Tax Assets:		
Net Operating Losses	\$ 981,443	\$ 981,443
Valuation Allowance	<u>(981,443)</u>	<u>(981,443)</u>
Net Deferred Tax Asset	<u>\$ -</u>	<u>\$ -</u>

NOTE 11 SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through December 13, 2024, which is the date the financial statement were available for issuance and has determined there are no events requiring disclosure.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	MGMA - ACMPE	MGMA Realty Corp.	MGMA Center for Research, Inc.	MGMA Services, Inc.	ACMPE Scholarship Fund, Inc. Without Donor Restrictions	ACMPE Scholarship Fund, Inc. With Donor Restrictions	MGMA State Chapters	Eliminations	Consolidated Total
Net Assets - June 30, 2022	\$ 41,066,539	\$ (241,051)	\$ 290,090	\$ 12,134	\$ 62,486	\$ 1,206,692	\$ -	\$ (9,634,279)	\$ 32,762,611
Change in Net Assets	<u>5,830,986</u>	<u>(1)</u>	<u>20,093</u>	<u>(2,016)</u>	<u>(6,746)</u>	<u>88,838</u>	<u>-</u>	<u>-</u>	<u>5,931,154</u>
Net Assets - June 30, 2023	46,897,525	(241,052)	310,183	10,118	55,740	1,295,530	-	(9,634,279)	38,693,765
Change in Net Assets	<u>6,177,315</u>	<u>1</u>	<u>31,830</u>	<u>(3,255)</u>	<u>(5,216)</u>	<u>152,588</u>	<u>(69,767)</u>	<u>-</u>	<u>6,283,496</u>
Net Assets - June 30, 2024	<u>\$ 53,074,840</u>	<u>\$ (241,051)</u>	<u>\$ 342,013</u>	<u>\$ 6,863</u>	<u>\$ 50,524</u>	<u>\$ 1,448,118</u>	<u>\$ (69,767)</u>	<u>\$ (9,634,279)</u>	<u>\$ 44,977,261</u>

