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, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, and the changes in their net assets and their 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.

Emphasis-of-Matter Regarding Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the Association adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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.

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 2023 and 2022 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
December 14, 2023

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, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 7,987,285	$ 5,337,550
Investments	38,326,765	34,129,105
Accounts Receivable, Net of Allowance of $125,000 and $100,000 at June 30, 2023 and 2022, Respectively	1,986,580	2,025,411
Prepayments	1,248,042	1,257,352
Total Current Assets	49,548,672	42,749,418
PROPERTY AND EQUIPMENT		
Building	5,961,065	5,961,065
Furniture and Equipment	6,343,274	5,937,983
Land	820,745	820,745
Subtotal	13,125,084	12,719,793
Less: Accumulated Depreciation and Amortization	(10,711,707)	(10,459,656)
Net Property and Equipment	2,413,377	2,260,137
OTHER ASSETS		
Restricted Investments	760,968	760,423
Deferred Tax Asset	635,821	683,073
Other Long-Term Assets	64,244	82,004
Operating Right-of-Use Asset	2,028,387	-
Total Other Assets	3,489,420	1,525,500
Total Assets	$ 55,451,469	$ 46,535,055
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 741,267	$ 624,070
Accrued Liabilities	2,128,969	2,750,498
Current Portion of Lease Liability- Operating	565,636	-
Current Portion of Obligations Under Finance Leases	9,278	8,812
Unearned Revenue - Membership Dues	4,421,380	4,241,461
Unearned Revenue - Fees and Services	6,985,085	6,130,899
Total Current Liabilities	14,851,615	13,755,740
LONG-TERM LIABILITIES		
Long-Term Lease Liability- Operating	1,898,665	-
Long-Term Obligations Under Finance Leases	7,424	16,704
Total Liabilities	16,757,704	13,772,444
NET ASSETS		
Without Donor Restrictions	37,398,235	31,555,919
With Donor Restrictions	1,295,530	1,206,692
Total Net Assets	38,693,765	32,762,611
Total Liabilities and Net Assets	$ 55,451,469	$ 46,535,055

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	$ 18,548,216	$ -	$ 18,548,216
Less: Costs of Goods Sold	(42,506)	-	(42,506)
Net Information and Publication Services	18,505,710	-	18,505,710
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	505,638	-	505,638
Grants and Other Contributions	-	545	545
Certification Services	594,041	-	594,041
Paycheck Protection Program Loan Forgiveness	-	-	-
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 Gain 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	$ 37,398,235	$ 1,295,530	$ 38,693,765

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Information and Publication Services	$ 16,910,900	$ -	$ 16,910,900
Less: Costs of Goods Sold	(29,840)	-	(29,840)
Net Information and Publication Services	16,881,060	-	16,881,060
Membership Dues	9,002,830	-	9,002,830
Conference and Education Services	4,612,511	-	4,612,511
Consulting Services	923,862	-	923,862
Membership Lists and Affinity Services	472,254	-	472,254
Grants and Other Contributions	-	1,773	1,773
Certification Services	618,686	-	618,686
Paycheck Protection Program Loan Forgiveness	2,500,000	-	2,500,000
Other	70,725	-	70,725
Net Assets Released from Restrictions	30,000	(30,000)	-
Total Support and Revenue	35,111,928	(28,227)	35,083,701
EXPENSES			
Program Services:			
Membership Services	3,779,475	-	3,779,475
Conference and Education Services	8,582,057	-	8,582,057
Information and Publication Services	4,042,932	-	4,042,932
Consulting Services	1,179,216	-	1,179,216
Government Affairs	2,215,838	-	2,215,838
Scholarship Awards	30,003	-	30,003
Certification Services	191,426	-	191,426
Total Program Services	20,020,947	-	20,020,947
Supporting Services:			
Management and General	9,076,020	-	9,076,020
Marketing	2,319,261	-	2,319,261
Committees	289,826	-	289,826
Total Supporting Services	11,685,107	-	11,685,107
Total Expenses	31,706,054	-	31,706,054
CHANGES IN NET ASSETS FROM OPERATIONS	3,405,874	(28,227)	3,377,647
Gain on Deferred Tax Asset	380	-	380
Investment Income	634,244	21,254	655,498
Net Realized and Unrealized Loss on Investments	(6,144,470)	(215,791)	(6,360,261)
CHANGES IN NET ASSETS	(2,103,972)	(222,764)	(2,326,736)
Net Assets - Beginning of Year	33,659,891	1,429,456	35,089,347
NET ASSETS - END OF YEAR	$ 31,555,919	$ 1,206,692	$ 32,762,611

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 STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	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	$ 3,072,827	$ 4,218,879	$ 2,929,222	$ 425,255	$ 1,293,658	$ -	$ 66,492	$ 12,006,333	$ 6,424,910	$ 1,186,683	$ -	$ 19,617,926
Supplies and Travel	115,557	2,910,446	146,071	44,314	98,140	30,003	13,047	3,357,578	136,423	54,653	81,624	3,630,278
Services and Professional Fees	415,973	1,150,949	752,627	655,403	338,881	-	101,844	3,415,677	1,523,794	1,077,925	208,202	6,225,598
Office and Occupancy	148,474	254,534	206,517	45,751	470,410	-	8,471	1,134,157	859,739	-	-	1,993,896
Depreciation and Interest	26,644	47,249	38,335	8,493	14,749	-	1,572	137,042	131,154	-	-	268,196
Total Expenses by Function	3,779,475	8,582,057	4,072,772	1,179,216	2,215,838	30,003	191,426	20,050,787	9,076,020	2,319,261	289,826	31,735,894
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:												
Cost of Goods Sold- Publications	-	-	(29,840)	-	-	-	-	(29,840)	-	-	-	(29,840)
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	$ 3,779,475	$ 8,582,057	$ 4,042,932	$ 1,179,216	$ 2,215,838	$ 30,003	$ 191,426	$ 20,020,947	$ 9,076,020	$ 2,319,261	$ 289,826	$ 31,706,054

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 5,931,154	$ (2,326,736)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	339,410	268,196
Amortization of Right-Of-Use Asset	464,294	-
Net Realized and Unrealized (Gain) Loss on Investments	(3,400,795)	6,360,261
Gain on Paycheck Protection Program Loan Forgiveness	-	(2,500,000)
Gain on Deferred Tax Asset	(4,281)	(380)
Contributions Restricted to Endowment	(545)	(1,773)
Deferred Taxes	51,533	82,505
(Increase) Decrease in Assets:		
Accounts Receivable	38,831	(601,706)
Prepayments	9,310	(183,799)
Other Assets	17,760	90,097
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	1,768	114,126
Operating Lease Liability	(534,480)	-
Unearned Revenue	1,034,105	1,200,349
Net Cash Provided by Operating Activities	3,948,064	2,501,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(492,650)	(303,831)
Purchases of Investments	(41,099,843)	(17,311,283)
Proceeds from Sale of Investments	40,302,433	12,155,787
Net Cash Used by Investing Activities	(1,290,060)	(5,459,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	545	1,773
Payment of Finance Lease Obligations	(8,814)	(8,619)
Net Cash Used by Financing Activities	(8,269)	(6,846)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,649,735	(2,965,033)
Cash and Cash Equivalents - Beginning of Year	5,337,550	8,302,583
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,987,285	$ 5,337,550

See accompanying Notes to Consolidated Financial Statements.

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.

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. 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 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, 2023 and 2022, balances in excess of federally insured limits totaled approximately $7,572,053 and $5,269,073, respectively.

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 doubtful collections 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.

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.

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, 2023, no impairment has been deemed necessary.

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

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, 2023 and 2022.

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.

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.

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

Revenue Recognition (Continued)

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 deferred 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 occurs upon revenue recognition, resulting in accounts receivable. However, the Association sometimes receive advances or deposits from our customers, before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized.

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

	2023	2022	2021
Accounts Receivable	$ 1,986,580	$ 2,025,411	$ 1,423,705
Unbilled Receivables	-	-	-
Deferred Revenue	11,406,465	10,372,360	9,172,011

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.

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), 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.

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

Income Taxes (Continued)

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, 2023 and 2022.

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, 2023 and 2022.

Use of Estimates

The preparation of consolidated financial statements in conformity with 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.

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

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

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

Adoption of New Accounting Standards (Continued)

The Association has elected to adopt the package of practical expedients available in the year of adoption. The Association elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Association adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

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:

	2023	2022
Cash and Cash Equivalents	$ 7,987,285	$ 5,337,550
Accounts Receivable	1,986,580	2,025,411
Investments	39,087,733	34,889,528
Financial Assets at year-end	49,061,598	42,252,489
Less:		
Donor Restricted Net Assets	(1,295,530)	(1,206,692)
Board-Designated Net Assets	(188,227)	(170,489)
Total Financial Assets Available to Meet Cash Needs for General Expenditure within One Year	$ 47,577,841	$ 40,875,308

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:

	2023	2022
Investments	$ 38,326,765	$ 34,129,105
Restricted Investments	760,968	760,423
Total	$ 39,087,733	$ 34,889,528

Investments and restricted investments are comprised of the following:

	2023	2022
Cash and Cash Equivalents	$ 392,837	$ 1,711,038
Equities:		
Corporate Equities	-	8,344,590
Mutual Funds and Exchange Traded Funds	28,024,954	19,324,974
Fixed Income:		
Mutual Funds and Exchange Traded Funds	4,713,779	5,508,926
Alternative Investments:		
Alternative Investments	5,956,163	-
Total	$ 39,087,733	$ 34,889,528

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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 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, 2023 and 2022 are classified in the tables below in one of the three categories described above:

	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	$ 392,837	$ 32,738,733	$ -	$ -	33,131,570
Investments Measured at NAV:					5,956,163
Total Investments and Restricted Investments					$ 39,087,733

	2022				
	Not Leveled	Level 1	Level 2	Level 3	Total
Investments:					
Cash and Cash Equivalents	$ 1,711,038	$ -	$ -	$ -	$ 1,711,038
Equities:					
Corporate Equities	-	8,344,590	-	-	8,344,590
Mutual Funds and Exchange Traded Funds	-	19,324,974	-	-	19,324,974
Fixed Income:					
Mutual Funds and Exchange Traded Funds	-	5,508,926	-	-	5,508,926
Total Investments and Restricted Investments Measured at Fair Value	$ 1,711,038	$ 33,178,490	$ -	$ -	$ 34,889,528

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:

June 30, 2023	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Low Correlated Hedge Funds	1	$ 1,290,933	$ -	Semi-Annually	95 days
Private Equity Funds	1	2,766,580	-	Quarterly	None
Private Debt Funds	1	1,898,650	960,000	Illiquid	N/A
		$ 5,956,163	$ 960,000		

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.

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.

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, 2023, MGMA-ACMPE has commitments totaling approximately $2,732,746 for contracts through 2026.

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 provides 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.

The following table provides quantitative information concerning the Association's leases.

	2023
Lease Costs (Included in Office and Occupancy	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	$ 8,712
Interest on Lease Liabilities	607
Operating Lease Costs	542,213
Total Lease Costs	$ 551,532
Other Information:	
Operating Cash Flows from Finance Leases	$ 607
Operating Cash Flows from Operating Leases	$ 612,399
Financing Cash Flows from Finance Leases	$ 8,670
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 2,492,681
Weighted-Average Remaining Lease Term - Finance Leases	2.3 Years
Weighted-Average Remaining Lease Term - Operating Leases	4.2 Years
Weighted-Average Discount Rate - Finance Leases	2.85%
Weighted-Average Discount Rate - Operating Leases	2.88%

NOTE 6 LEASES – ASC 842 (CONTINUED)

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, 2023 is as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2024	$ 627,717	$ 9,278
2025	643,409	5,198
2026	659,478	2,776
2027	412,208	-
2028	233,177	-
Thereafter	39,021	-
Total Lease Payments	2,615,010	17,252
Less: Interest	(150,709)	(550)
Present Value of Lease Liabilities	$ 2,464,301	$ 16,702

NOTE 7 LEASES – ASC 840

The Association elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance FASB ASC 840.

MGMA-ACMPE is obligated under capital leases for equipment with an original cost of $40,246 and accumulated amortization of $13,243 at June 30, 2022. In addition, MGMA-ACMPE leases office space under operating leases, which expire in November 2026 and July 2028. Future minimum lease payments under the noncancelable operating leases with initial or remaining lease terms in excess of one year and future minimum capital lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Capital Leases	Operating Leases
2023	$ 9,278	$ 615,075
2024	9,278	629,247
2025	5,198	643,690
2026	2,599	659,734
2027	-	411,288
Thereafter	-	272,198
Total Minimum Lease Payments	26,353	$ 3,231,232
Less: Amount Representing Interest	(837)	
Present Value of Net Minimum Lease Payments	25,516	
Less: Current Installments of Obligations Under Capital Leases	(8,812)	
Obligations Under Capital Leases, Excluding Current Installments	$ 16,704	

NOTE 7 LEASES – ASC 840 (CONTINUED)

Amortization of assets held under capital leases is included within depreciation expense. Rental expense under the operating lease was $541,801 for the year ended June 30, 2022.

The operating leases for office space in Washington, DC and Denver, Colorado have increasing payments over the life of the lease agreement. Lease expense under these leases is recorded on a straight-line basis over the life of the lease agreements. Monthly rent expense in excess of rent payments made is recorded as a deferred rent liability until monthly rent payments exceed rent expense, at which point the deferred rent liability will be reduced by the amount that rent payments exceed rent expense. At June 30, 2022, a deferred rent liability of $506,101 was recorded and included in accrued liabilities.

NOTE 8 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, 2023 and 2022 totaled $562,978 and $460,136, 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 $352,262 and $308,626 of estimated profit sharing contributions for the 401(k) plan calendar years ended December 31, 2023 and 2022, 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.

NOTE 8 BENEFIT PLANS (CONTINUED)

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 $1,599,544 and $1,424,636 for administrative expenses and medical, dental, and prescription claims for the years ended June 30, 2023 and 2022, respectively. The Association has recorded an accrual in other accrued liabilities of $206,293 and $159,119 as of June 30, 2023 and 2022, respectively, for estimated claims incurred but not yet reported to the health care plan.

NOTE 9 NET ASSETS

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

	2023	2022
Subject to Expenditure for Specific Purpose:		
Richardson-Sargent Grants and Fellowships	$ 215,081	$ 197,020
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	319,481	249,249
Not Subject to Appropriation or Expenditure:		
Scholarship Fund Original Endowment Gifts	760,968	760,423
Total Net Assets with Donor Restrictions	$ 1,295,530	$ 1,206,692

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:

	2023	2022
Purpose Restrictions Accomplished:		
Richardson-Sargent Grants and Fellowships	$ 2,000	$ 2,000
Release of Appropriated Endowment:		
Scholarship Fund Awards and Expenses	28,000	28,000
Total Restrictions Released	$ 30,000	$ 30,000

NOTE 9 NET ASSETS (CONTINUED)

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

	2023	2022
Board-Designated for Endowment Fund for Scholarships	$ 188,227	$ 170,489

NOTE 10 ENDOWMENTS

SFI's endowment consists of nine individual funds established to award scholarships. As required by 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.

NOTE 10 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:

	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 Loss	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	$ 188,227	$ 1,080,449	$ 1,268,676

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - Beginning of Year	$ 197,603	$ 1,198,880	$ 1,396,483
Contributions	-	1,773	1,773
Investment Return:			
Investment Income	3,325	17,657	20,982
Realized and Unrealized Gain	(30,439)	(180,638)	(211,077)
Total Investment Return	(27,114)	(162,981)	(190,095)
Appropriation of Endowment Assets for Expenditure	-	(28,000)	(28,000)
Endowment Net Assets - End of Year	$ 170,489	$ 1,009,672	$ 1,180,161

NOTE 11 INCOME TAXES

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

	2023	2022
Current Income Tax Expense	$ 51,533	$ 82,505

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:

	2023	2022
Deferred Tax Assets:		
Cumulative Net Operating Losses	$ 1,237,101	$ 1,209,527
Valuation Allowance	(601,280)	(526,454)
Net Deferred Tax Asset	$ 635,821	$ 683,073

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, 2023 and 2022, 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:

	2023	2022
Deferred Tax Assets:		
Net Operating Losses	$ 981,443	$ 981,443
Valuation Allowance	(981,443)	(981,443)
Net Deferred Tax Asset	$ -	$ -

NOTE 12 PAYCHECK PROTECTION PROGRAM

On February 12, 2021, the Association executed a loan of $2,500,000 under the Paycheck Protection Program (PPP) authorized by the Consolidated Appropriations Act, 2021 that was signed into law on December 27, 2020. The PPP loan begins accruing interest at a rate of 1.00% on the effective date and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). 10 months after the end of the 24-week loan forgiveness covered period principal payments are due through the maturity of the loan. The loan matures on February 12, 2026. The PPP loan funds are eligible for forgiveness to the extent that they are used to cover payroll costs, other eligible expenses and if the Association maintains employee and compensation levels. As of June 30, 2021, the Association has reflected the $2,500,000 PPP loan as short-term.

NOTE 12 PAYCHECK PROTECTION PROGRAM (CONTINUED)

On August 31, 2021, the Association was notified that the SBA approved full forgiveness of its PPP Loan. Accordingly, the Association recognized $2,500,000 of Paycheck Protection Program Loan Forgiveness revenue related to this agreement during the year ended June 30, 2022, which represents the entire balance of the PPP Loan as management believes that all the related performance barriers have been met.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Association’s financial position.

NOTE 13 SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through December 14, 2023, 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, 2023 AND 2022
(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	Eliminations	Consolidated Total
Net Assets - June 30, 2021	$ 43,089,060	$ (241,051)	$ 346,900	$ 13,899	$ 85,363	$ 1,429,456	$ (9,634,280)	$ 35,089,347
Change in Net Assets	(2,022,521)	-	(56,810)	(1,765)	(22,877)	(222,764)	1	(2,326,736)
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	5,830,986	(1)	20,093	(2,016)	(6,746)	88,838	-	5,931,154
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