



American Society of Military Comptrollers

Financial Statements
and
Independent Auditor's Report

June 30, 2021 and 2020



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Independent Auditor's Report

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

We have audited the accompanying financial statements of American Society of Military Comptrollers (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, 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.

Emphasis-of-Matter Regarding Revenue Recognition

As discussed in Note 2 to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers*, as amended by ASU 2015-14, which supersedes or replaces nearly all accounting principles generally accepted in the United States of America revenue recognition guidance. The adoption of this ASU did not result in a material change to the accounting for any of the Organization's revenue streams; as such, no cumulative effect adjustment was recorded. Our opinion is not modified with respect to these matters.

Sikich LLP

Alexandria, Virginia
December 8, 2021

American Society of Military Comptrollers
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 963,346	\$ 269,653
Accounts receivable	997,731	61,938
Prepaid expenses	41,764	51,956
Investments	4,568,185	5,254,604
Property and equipment, net	1,705,904	1,738,001
Deposits	4,000	4,000
Total assets	\$ 8,280,930	\$ 7,380,152
 Liabilities and Net Assets		
Accounts payable	\$ 258,334	\$ 207,590
Accrued compensation	203,072	174,131
Deferred revenue	472,936	471,355
Security deposits, tenants	3,450	6,460
Paycheck Protection Program loan	163,893	-
Total liabilities	1,101,685	859,536
Net assets:		
Without donor restrictions	7,179,245	6,520,616
Total liabilities and net assets	\$ 8,280,930	\$ 7,380,152

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021	2020
Revenues without donor restrictions:		
PDI income	\$ 2,107,344	\$ 33,799
Certification fees	967,984	631,017
Membership dues	444,582	507,343
Rental income	78,204	84,245
Royalty income	32,752	64,580
Advertising and subscription income	32,035	16,170
Investment income	13,581	278,982
Other income	5	2,613
Total revenues without donor restrictions	3,676,487	1,618,749
Expenses:		
Program services:		
Membership services	542,169	524,172
Education and professional development	418,800	-
Certified defense financial manager program	433,246	350,372
Professional development institute symposium	363,887	392,731
Armed Forces Comptroller publication	259,147	193,544
Enhanced defense financial management training	255,310	176,688
Other training	-	195,963
Total program services	2,272,559	1,833,470
Management and general services:		
Administrative support	745,299	705,399
Total expenses	3,017,858	2,538,869
Change in net assets without donor restrictions	658,629	(920,120)
Net assets without donor restrictions, beginning of year	6,520,616	7,440,736
Net assets without donor restrictions, end of year	\$ 7,179,245	\$ 6,520,616

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Membership services	Education and professional development	Certified defense financial manager program	Professional development institute symposium	Armed Forces Comptroller publication	Enhanced defense financial management training	Total program services
Advertising and publicity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Armed Forces Comptroller Journal	-	-	-	-	4,388	-	4,388
Bank charges and fees	11,273	16,164	7,280	-	-	1,639	36,356
Certification	-	-	39,998	-	-	-	39,998
Charitable contributions	-	-	-	-	-	-	-
Contract services	43,736	239,932	58,838	-	42,748	-	385,254
Depreciation and amortization	-	-	-	-	-	-	-
Education and training expenses	25,000	55,684	735	107,142	-	143,315	331,876
Employee professional development	1,800	199	4,405	-	-	15	6,419
Equipment rental and maintenance	-	-	-	-	-	-	-
Facility maintenance	-	-	-	-	-	-	-
Information management	-	-	-	-	-	-	-
Insurance and taxes	-	-	-	-	-	-	-
Membership and chapter development	22,838	-	-	-	-	-	22,838
Miscellaneous expenses	231	-	-	-	-	-	231
Office supplies and equipment	989	-	96	-	-	-	1,085
Payroll taxes and benefits	69,580	17,505	52,145	30,256	18,628	17,374	205,488
Postage and delivery	-	-	87	-	-	748	835
Printing and copying	13,042	-	4,343	-	98,711	-	116,096
Professional services	-	350	-	-	-	3,900	4,250
Registration and hotel costs	59	-	-	72,723	-	-	72,782
Salaries	316,114	79,530	236,905	137,457	84,631	78,935	933,572
Travel expenses	-	-	305	-	-	19	324
Allocation of facility services	37,507	9,436	28,109	16,309	10,041	9,365	110,767
Total expenses	<u>\$ 542,169</u>	<u>\$ 418,800</u>	<u>\$ 433,246</u>	<u>\$ 363,887</u>	<u>\$ 259,147</u>	<u>\$ 255,310</u>	<u>\$ 2,272,559</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Management and general</u>			
	Administrative support	Facility services	Total management and general services	Total expenses
	\$	\$	\$	\$
Advertising and publicity	773	-	773	773
Armed Forces Comptroller Journal	-	-	-	4,388
Bank charges and fees	721	-	721	37,077
Certification	-	-	-	39,998
Charitable contributions	321	-	321	321
Contract services	98,215	-	98,215	483,469
Depreciation and amortization	1,500	30,597	32,097	32,097
Education and training expenses	-	-	-	331,876
Employee professional development	4,410	-	4,410	10,829
Equipment rental and maintenance	955	7,771	8,726	8,726
Facility maintenance	3,693	44,007	47,700	47,700
Information management	120,031	-	120,031	120,031
Insurance and taxes	24,683	32,336	57,019	57,019
Membership and chapter development	-	-	-	22,838
Miscellaneous expenses	1,421	-	1,421	1,652
Office supplies and equipment	22,815	-	22,815	23,900
Payroll taxes and benefits	53,699	4,997	58,696	264,184
Postage and delivery	12,918	-	12,918	13,753
Printing and copying	1,366	-	1,366	117,462
Professional services	96,117	-	96,117	100,367
Registration and hotel costs	26,048	-	26,048	98,830
Salaries	243,963	22,700	266,663	1,200,235
Travel expenses	9	-	9	333
Allocation of facility services	<u>31,641</u>	<u>(142,408)</u>	<u>(110,767)</u>	<u>-</u>
Total expenses	<u>\$ 745,299</u>	<u>\$ -</u>	<u>\$ 745,299</u>	<u>\$ 3,017,858</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Membership services	Certified defense financial manager program	Professional development institute symposium	Armed Forces Comptroller publication	Enhanced defense financial management training	Other training	Total program services
Advertising and publicity	\$ -	\$ 1,802	\$ -	\$ -	\$ -	\$ -	\$ 1,802
Armed Forces Comptroller Journal	-	-	-	5,388	-	-	5,388
Bank charges and fees	13,021	9,728	-	-	2,883	3,276	28,908
Certification	-	49,821	-	-	-	-	49,821
Charitable contributions	-	-	-	-	-	-	-
Contract services	87,676	19,827	500	38,672	11,674	3,641	161,990
Depreciation and amortization	-	-	-	-	-	-	-
Education and training expenses	42,600	11,386	-	-	18,498	37,008	109,492
Employee professional development	1,005	1,903	-	-	6,079	-	8,987
Equipment rental and maintenance	-	-	-	-	-	-	-
Facility maintenance	-	-	-	-	-	-	-
Information management	-	-	-	-	-	-	-
Insurance and taxes	-	-	-	-	-	-	-
Membership and chapter development	15,810	-	-	-	-	-	15,810
Miscellaneous expenses	-	-	-	55	-	-	55
Office supplies and equipment	-	300	-	-	-	-	300
Payroll taxes and benefits	58,080	39,319	34,498	12,393	22,410	22,759	189,459
Postage and delivery	574	3,574	-	6,600	426	355	11,529
Printing and copying	6,325	11,106	-	68,263	505	1,257	87,456
Professional services	-	-	-	-	-	-	-
Registration and hotel costs	-	-	183,528	-	-	13,220	196,748
Salaries	256,200	173,442	152,175	54,666	98,853	100,394	835,730
Travel expenses	7,696	4,345	1,131	-	1,785	266	15,223
Allocation of facility services	35,185	23,819	20,899	7,507	13,575	13,787	114,772
Total expenses	<u>\$ 524,172</u>	<u>\$ 350,372</u>	<u>\$ 392,731</u>	<u>\$ 193,544</u>	<u>\$ 176,688</u>	<u>\$ 195,963</u>	<u>\$ 1,833,470</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Management and general</u>			
	Administrative support	Facility services	Total management and general services	Total expenses
Advertising and publicity	\$ -	\$ -	\$ -	\$ 1,802
Armed Forces Comptroller Journal	-	-	-	5,388
Bank charges and fees	215	-	215	29,123
Certification	-	-	-	49,821
Charitable contributions	15,300	-	15,300	15,300
Contract services	47,518	-	47,518	209,508
Depreciation and amortization	1,500	28,714	30,214	30,214
Education and training expenses	-	-	-	109,492
Employee professional development	2,877	-	2,877	11,864
Equipment rental and maintenance	214	11,670	11,884	11,884
Facility maintenance	4,152	40,952	45,104	45,104
Information management	121,528	-	121,528	121,528
Insurance and taxes	27,438	30,883	58,321	58,321
Membership and chapter development	-	-	-	15,810
Miscellaneous expenses	374	-	374	429
Office supplies and equipment	18,058	286	18,344	18,644
Payroll taxes and benefits	50,393	6,825	57,218	246,677
Postage and delivery	9,829	-	9,829	21,358
Printing and copying	3,954	-	3,954	91,410
Professional services	136,064	-	136,064	136,064
Registration and hotel costs	8,744	-	8,744	205,492
Salaries	222,291	30,106	252,397	1,088,127
Travel expenses	286	-	286	15,509
Allocation of facility services	<u>34,664</u>	<u>(149,436)</u>	<u>(114,772)</u>	<u>-</u>
Total expenses	<u>\$ 705,399</u>	<u>\$ -</u>	<u>\$ 705,399</u>	<u>\$ 2,538,869</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ <u>658,629</u>	\$ <u>(920,120)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	32,097	30,214
Unrealized loss (gain) on investments	72,462	(161,984)
Decrease (increase) in assets:		
Accounts receivable	(935,793)	282,567
Prepaid expenses	10,192	(10,695)
Increase (decrease) in liabilities:		
Accounts payable	50,744	(158,489)
Accrued compensation	28,941	10,702
Deferred revenue	1,581	34,099
Security deposits, tenants	(3,010)	-
Total adjustments	<u>(742,786)</u>	<u>26,414</u>
Net cash used in operating activities	<u>(84,157)</u>	<u>(893,706)</u>
Cash flows from investing activities:		
Purchases of investments	(1,276,043)	(1,058,091)
Proceeds from sales of investments	1,890,000	-
Purchases of property and equipment	-	(45,195)
Net cash provided by (used in) investing activities	<u>613,957</u>	<u>(1,103,286)</u>
Cash flows from financing activities:		
Proceeds from issuance of Paycheck Protection Program loan	<u>163,893</u>	-
Net cash provided by financing activities	<u>163,893</u>	-
Net increase (decrease) in cash	693,693	(1,996,992)
Cash, beginning of year	<u>269,653</u>	<u>2,266,645</u>
Cash, end of year	<u>\$ 963,346</u>	<u>\$ 269,653</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2021 and 2020

1. Organization

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

2. Summary of Significant Accounting Policies

a. Basis of presentation

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

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

The Organization has no net assets with donor restrictions at June 30, 2021 and 2020.

b. Basis of accounting

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

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2021 and 2020

c. Use of estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

d. Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Organization is not classified as a private foundation.

e. Accounts receivable

Accounts receivable are due in less than one year and stated at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2021 and 2020, all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized.

f. Investments

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

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2021 and 2020

g. Property and equipment, net

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

Building and improvements	40 years
Furniture and fixtures	10 years
Software	5 years
Computer equipment	3 years
Office equipment	5 years

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

h. Revenue recognition

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

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

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

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2021 and 2020

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

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

Contract assets and liabilities

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable	997,731	61,938	344,505
Deferred revenue	472,936	471,355	437,256

i. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs, such as salaries and payroll taxes and benefits have been allocated among programs and supporting services based on staff level of effort. Facility services are also allocated among programs and supporting services based on staff level of effort. Other expenses are charged directly to the program or supporting service to which they relate.

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2021 and 2020

j. Adoption of new accounting standard

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, the Organization refers to the new Topic 606 and Subtopic 340-40 as the “new guidance.”

The Organization adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. Results for reporting periods beginning after July 1, 2020 are presented under ASC 606 while prior period amounts continue to be reported in accordance with ASC 605. This adoption did not result in a material change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied portfolio basis. Adoption of the new guidance resulted in changes to the Organization's accounting policies for revenue recognition, accounts receivable, and contract liabilities.

k. New Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosure about leasing arrangements. ASU No. 2016-02, as amended by 2020-05, is effective for not-for-profit entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new lease standard at the beginning of the earliest period presented in the financial statements.

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2021 and 2020

In July 2018, FASB issued ASU NO. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two transition methods.

3. Liquidity and Availability

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

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash	\$ 963,346	\$ 269,653
Accounts receivable	997,731	61,938
Investments	<u>4,568,185</u>	<u>5,254,604</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,529,262</u>	<u>\$ 5,586,195</u>

The Organization's goal is generally to maintain financial assets to meet 24 months of operating expenses (approximately \$6,000,000 based on 2021 expenses). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

4. Concentrations of Credit Risk

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2021 and 2020, the Organization had bank deposits in excess of FDIC limits of \$786,929 and \$94,122, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

5. Investments and Fair Value Measurements

The table below presents the Organization's assets reported at amortized cost, which approximates fair value, on a recurring basis at June 30:

	<u>2021</u>	<u>2020</u>
Certificate of deposit	\$ 4,457,552	\$ 5,045,492
Money market funds	<u>110,633</u>	<u>209,112</u>
Total investments	<u>\$ 4,568,185</u>	<u>\$ 5,254,604</u>

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2021 and 2020

6. Property and Equipment, Net

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

	2021	2020
Land	\$ 1,192,595	\$ 1,192,595
Building and improvements	961,231	961,231
Furniture and fixtures	76,511	76,511
Software	134,653	134,653
Computer equipment	74,488	74,488
Office equipment	15,601	15,601
Property and equipment	2,455,079	2,455,079
Accumulated depreciation and amortization	(749,175)	(717,078)
Total property and equipment, net	\$ 1,705,904	\$ 1,738,001

7. Paycheck Protection Program Loan

On March 3, 2021, the Organization was granted a loan through the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amount of \$163,893. The loan may be forgiven if used for certain qualifying expenses. Any portion not forgiven bears interest at 1% per annum, payable in monthly installments commencing on the date that is one month after the earlier of i) the date the bank receives application for forgiveness or ii) the date that is ten months from the end of the forgiveness covered period. The Organization has elected to account for the loan as a debt obligation and should all or part of the loan be forgiven, will record the amount forgiven as forgiveness of debt in the accompanying statements of activities in the year the Organization receives a legal release of the debt. The Organization submitted the application for forgiveness on November 9, 2021 and expects to be released for the full amount of the note.

8. Commitments and contingency

Commitments

The Organization has contractual commitments with several convention centers and hotels for its PDI symposiums from 2022 to 2025. As of December 8, 2021, which is the date the financial statements were available to be issued, the minimum commitments for PDI symposiums are as follows for the years ending June 30:

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2021 and 2020

	<u>Rental fee</u>
2022	\$ 901,400
2023	302,743
2024	253,862
2025	<u>80,259</u>
Total	<u>\$ 1,538,264</u>

Subtenant agreement

The Organization owns a building in Alexandria, Virginia. During the years ended June 30, 2021 and 2020, there were two entities that shared the space and paid rent to the Organization. The original lease agreements were signed between the year 2005 to 2010 and there is no official renewal of the contracts. The leases are renewed automatically every month. In April 2021, one tenant terminated their lease agreement.

Contingency

Beginning around March 2020, the COVID-19 virus was declared a global pandemic as it continues to spread rapidly. Business continuity, Organization activities and funding sources could continue to be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

9. Disaggregation of Revenue

Disaggregated revenue as of the year ended June 30, 2021 is as follows:

Timing of Revenue Recognition:

Goods and services transferred at a point in time	\$ 2,472,328
Services transferred over time	<u>1,047,583</u>
Total revenue	\$ 3,519,911

Various economic factors affect the recognition of revenue and cash flows, including the Organization's ability to hold events and provide education services. Any negative economic impact to these areas could significantly affect revenues and cash flows. No significant events occurred that had a material impact on the Organization's revenue recognition or cash flows for the year ended June 30, 2021. For the year ended June 30, 2020, the Organization was unable to hold the PDI conference or provide some of the certification services for a period of time.

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10. Retirement Plan

The Organization maintains a 401(k) plan (the Plan) for all employees, with matching contributions of up to 6% of earnings for those who have completed six months of service and met the requirements below. Participants may make voluntary contributions to the Plan up to the maximum allowable by law. The Organization's contributions to the Plan are at the discretion of management and vest immediately to the participants. Participants must have completed 1,000 hours of service and be employed on the last day of the Plan year to be eligible for the Organization's contributions. Retirement plan expense for the years ended June 30, 2021 and 2020 was \$44,544 and \$46,343, respectively.

11. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 8, 2021, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.