



American Society of Military Comptrollers

Financial Statements
and
Independent Auditor's Report

June 30, 2020 and 2019



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1199 N. Fairfax Street, 10th Floor
Alexandria, VA 22314
703.836.1350

SIKICH.COM

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 statement of financial position as of June 30, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2019, were audited by Halt, Buzas & Powell, Ltd., who merged with Sikich LLP as of January 1, 2020, and whose report dated November 27, 2019, expressed an unmodified opinion on those statements.

Sikich LLP

Alexandria, Virginia
December 11, 2020

American Society of Military Comptrollers
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 269,653	\$ 2,266,645
Accounts receivable	61,938	344,505
Prepaid expenses	51,956	41,261
Investments	5,254,604	4,034,529
Property and equipment, net	1,738,001	1,723,020
Deposits	4,000	4,000
Total assets	\$ 7,380,152	\$ 8,413,960
 Liabilities and Net Assets		
Accounts payable	\$ 207,590	\$ 366,079
Accrued compensation	174,131	163,429
Deferred revenue	471,355	437,256
Security deposits, tenants	6,460	6,460
Total liabilities	859,536	973,224
Net assets:		
Without donor restrictions	6,520,616	7,440,736
Total liabilities and net assets	\$ 7,380,152	\$ 8,413,960

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020	2019
Revenues without donor restrictions:		
Certification fees	\$ 631,017	\$ 1,071,854
Membership dues	507,343	543,839
Investment income	278,982	203,513
Rental income	84,245	84,245
Royalty income	64,580	59,518
PDI income	33,799	2,652,881
Advertising and subscription income	16,170	16,310
Other income	2,613	11,050
Total revenues without donor restrictions	1,618,749	4,643,210
Expenses:		
Program services:		
Membership services	488,987	408,561
Professional development institute symposium	371,832	1,763,264
Certified defense financial manager program	326,553	524,773
Armed Forces Comptroller publication	186,037	189,282
Other training	182,176	190,558
Enhanced defense financial management training	163,113	145,889
Total program services	1,718,698	3,222,327
Management and general services:		
Administrative support	670,735	565,095
Facility services	149,436	127,490
Total management and general services	820,171	692,585
Total expenses	2,538,869	3,914,912
Change in net assets without donor restrictions	(920,120)	728,298
Net assets without donor restrictions, beginning of year	7,440,736	6,712,438
Net assets without donor restrictions, end of year	\$ 6,520,616	\$ 7,440,736

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	Professional development institute symposium	Certified defense financial manager program	Armed Forces Comptroller publication	Other training	Enhanced defense financial management 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	-	3,276	2,883	28,908
Certification	-	-	49,821	-	-	-	49,821
Charitable contributions	-	-	-	-	-	-	-
Contract services	87,676	500	19,827	38,672	3,641	11,674	161,990
Depreciation and amortization	-	-	-	-	-	-	-
Education and training expenses	42,600	-	11,386	-	37,008	18,498	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	34,498	39,319	12,393	22,759	22,410	189,459
Postage and delivery	574	-	3,574	6,600	355	426	11,529
Printing and copying	6,325	-	11,106	68,263	1,257	505	87,456
Professional services	-	-	-	-	-	-	-
Registration and hotel costs	-	183,528	-	-	13,220	-	196,748
Salaries	256,200	152,175	173,442	54,666	100,394	98,853	835,730
Travel expenses	7,696	1,131	4,345	-	266	1,785	15,223
Total expenses	<u>\$ 488,987</u>	<u>\$ 371,832</u>	<u>\$ 326,553</u>	<u>\$ 186,037</u>	<u>\$ 182,176</u>	<u>\$ 163,113</u>	<u>\$ 1,718,698</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	<u>286</u>	<u>-</u>	<u>286</u>	<u>15,509</u>
Total expenses	<u>\$ 670,735</u>	<u>\$ 149,436</u>	<u>\$ 820,171</u>	<u>\$ 2,538,869</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Membership services	Professional development institute symposium	Certified defense financial manager program	Armed Forces Comptroller publication	Other training	Enhanced defense financial management training	Total program services
Advertising and publicity	\$ -	\$ -	\$ 2,397	\$ -	\$ -	\$ -	\$ 2,397
Armed Forces Comptroller Journal	-	-	-	6,175	-	-	6,175
Bank charges and fees	12,654	-	13,008	-	7,200	3,335	36,197
Certification	-	-	116,090	-	-	-	116,090
Charitable contributions	-	16,344	-	-	-	-	16,344
Contract services	52,750	-	63,562	-	5,429	1,497	123,238
Depreciation and amortization	-	-	-	-	-	-	-
Education and training expenses	24,027	36,270	9,988	-	78,195	50,418	198,898
Employee professional development	2,408	-	4,978	-	-	3,603	10,989
Equipment rental and maintenance	-	-	-	-	-	-	-
Facility maintenance	-	-	-	-	-	-	-
Information management	-	-	-	-	37	-	37
Insurance and taxes	-	-	-	-	-	-	-
Membership and chapter development	23,268	-	-	-	-	-	23,268
Miscellaneous expenses	8	-	-	-	10	-	18
Office supplies and equipment	-	-	1,126	55	-	-	1,181
Payroll taxes and benefits	48,096	36,514	51,430	19,211	11,659	14,299	181,209
Postage and delivery	-	-	991	13,184	10	190	14,375
Printing and copying	19,452	-	18,433	63,546	-	2,416	103,847
Professional services	-	-	-	-	-	-	-
Registration and hotel costs	282	1,510,138	-	-	32,472	-	1,542,892
Salaries	213,998	163,998	232,277	87,111	52,794	66,592	816,770
Travel expenses	11,618	-	10,493	-	2,752	3,539	28,402
Total expenses	\$ 408,561	\$ 1,763,264	\$ 524,773	\$ 189,282	\$ 190,558	\$ 145,889	\$ 3,222,327

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Management and general</u>			
	Administrative support	Facility services	Total management and general services	Total expenses
Advertising and publicity	\$ -	\$ -	\$ -	\$ 2,397
Armed Forces Comptroller Journal	-	-	-	6,175
Bank charges and fees	205	80	285	36,482
Certification	-	-	-	116,090
Charitable contributions	338	-	338	16,682
Contract services	43,577	-	43,577	166,815
Depreciation and amortization	1,365	26,077	27,442	27,442
Education and training expenses	4,140	-	4,140	203,038
Employee professional development	7,010	-	7,010	17,999
Equipment rental and maintenance	1,590	6,923	8,513	8,513
Facility maintenance	4,741	38,974	43,715	43,715
Information management	117,831	-	117,831	117,868
Insurance and taxes	24,022	29,435	53,457	53,457
Membership and chapter development	1,358	-	1,358	24,626
Miscellaneous expenses	3,284	-	3,284	3,302
Office supplies and equipment	42,370	-	42,370	43,551
Payroll taxes and benefits	24,322	4,612	28,934	210,143
Postage and delivery	6,742	-	6,742	21,117
Printing and copying	3,700	-	3,700	107,547
Professional services	167,862	-	167,862	167,862
Registration and hotel costs	-	-	-	1,542,892
Salaries	106,421	21,389	127,810	944,580
Travel expenses	4,217	-	4,217	32,619
	<u>4,217</u>	<u>-</u>	<u>4,217</u>	<u>32,619</u>
Total expenses	<u>\$ 565,095</u>	<u>\$ 127,490</u>	<u>\$ 692,585</u>	<u>\$ 3,914,912</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ <u>(920,120)</u>	\$ <u>728,298</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	30,214	27,442
Unrealized gain on investments	(161,984)	(13,999)
Realized gain on investment	-	(72,385)
Decrease (increase) in assets:		
Accounts receivable	282,567	(216,526)
Prepaid expenses	(10,695)	(8,425)
Increase (decrease) in liabilities:		
Accounts payable	(158,489)	(94,737)
Accrued compensation	10,702	6,572
Deferred revenue	<u>34,099</u>	<u>(102,561)</u>
Total adjustments	<u>26,414</u>	<u>(474,619)</u>
Net cash (used in) provided by operating activities	<u>(893,706)</u>	<u>253,679</u>
Cash flows from investing activities:		
Purchases of investments	(1,058,091)	(88,548)
Proceeds from sales of investments	-	95,386
Purchases of property and equipment	<u>(45,195)</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>(1,103,286)</u>	<u>6,838</u>
Net (decrease) increase in cash	(1,996,992)	260,517
Cash, beginning of year	<u>2,266,645</u>	<u>2,006,128</u>
Cash, end of year	<u>\$ 269,653</u>	<u>\$ 2,266,645</u>

See accompanying notes to the financial statements.

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019.

b. Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019

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

Membership dues: Membership dues are recognized as revenue ratably over the applicable dues period. Membership dues received in advance that are applicable to future periods are included in deferred revenue in the accompanying statements of financial position.

Program service revenue: PDI income is recognized as revenue in the period in which services are provided. Fees received relating to future periods are recorded as deferred revenue in the accompanying statements of financial position. Certification fees include examination fees, renewals and educational programs and related materials. Examination fees and renewals are recognized as revenue when received. Fees received for courses and educational materials are recognized as revenue in the period courses are conducted and when educational materials are provided.

Revenue from all other sources is recognized when earned.

American Society of Military Comptrollers
Notes to the Financial Statements
June 30, 2020 and 2019

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. Other expenses are charged directly to the program or supporting service to which they relate.

j. New accounting pronouncements

The 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. On June 3, 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which deferred the effective date of FASB ASC 606 to fiscal years beginning after December 15, 2019 for private not-for-profit entities that have not yet issued financial statements due to the COVID-19 pandemic. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

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, 2020 and 2019

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>2020</u>	<u>2019</u>
Cash	\$ 269,653	\$ 2,266,645
Accounts receivable	61,938	344,505
Investments	<u>5,254,604</u>	<u>4,034,529</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,586,195</u>	<u>\$ 6,645,679</u>

The Organization's goal is generally to maintain financial assets to meet 24 months of operating expenses (approximately \$5,000,000 for non-national PDI year based on 2020 expenses in which PDI did not occur). 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, 2020 and 2019, the Organization had bank deposits in excess of FDIC limits of \$94,122 and \$2,051,231, respectively. Additionally, the Organization had cash accounts in investment funds, which are insured under Securities Investor Protection Corporations (SIPC) limits. At June 30, 2020 and 2019, the Organization had no cash accounts in investment funds in excess of SIPC limits.

American Society of Military Comptrollers

Notes to the Financial Statements

June 30, 2020 and 2019

5. Investments and Fair Value Measurements

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

	2020	2019
Certificate of deposit	\$ 5,031,532	\$ 4,022,845
Money market funds	209,112	11,684
Total investments	\$ 5,240,644	\$ 4,034,529

6. Property and Equipment, Net

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

	2020	2019
Land	\$ 1,192,595	\$ 1,192,595
Building and improvements	961,231	916,035
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	2,409,883
Accumulated depreciation and amortization	(717,078)	(686,863)
Total property and equipment, net	\$ 1,738,001	\$ 1,723,020

7. 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, 2020 and 2019 was \$46,343 and \$49,822, respectively.

American Society of Military Comptrollers
Notes to the Financial Statements
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8. Commitments

Commitments

The Organization has contractual commitments with several convention centers and hotels for its PDI symposiums from 2021 to 2025. As of December 11, 2020, which is the date the financial statements were available to be issued, the minimum commitments for PDI symposiums are as follows for the years ending June 30:

	<u>Rental fee</u>
2021	\$ 357,710
2022	325,739
2023	186,013
2024	192,518
2025	<u>71,781</u>
Total	<u>\$ 1,133,761</u>

Subtenant agreement

The Organization owns a building in Alexandria, Virginia. There are three entities that share the space and pay 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.

9. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 11, 2020, 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.

American Society of Military Comptrollers
Notes to the Financial Statements
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Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, Organization activities and funding sources could 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. The Organization expects that it is probable that this matter will negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.