CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Music Teachers National Association, Inc. and Subsidiary

Consolidated Financial Statements

And Supplemental Financial Information

June 30, 2023 and 2022

With Independent Auditors' Report

TABLE OF CONTENTS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Music Teachers National Association, Inc. and Subsidiary:

Opinion
We have audited the accompanying consolidated financial statements of Music Teachers National Association, Inc. and Subsidiary (a not-for-profit 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 Music Teachers National Association, Inc. and Subsidiary as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Music Teachers National Association, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Music Teachers National Association, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Music Teachers National Association, Inc. and Subsidiary'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 Music Teachers National Association, Inc. and Subsidiary'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 audits.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 18-21 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 audit of 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
August 31, 2023

		2023	2022
Assets:			
Cash and cash equivalents	$	2,712,494	2,657,758
Investments, at fair value		4,174,969	3,798,967
Accounts receivable		40,954	18,910
Prepaid expenses		60,985	52,858
Property and equipment, net		56,662	71,230
Deposits		143,311	143,311
Operating lease right-of-use asset		229,340	-
Total assets	$	7,418,715	6,743,034
Liabilities and net assets:			
Liabilities:			
Accounts payable	$	295,325	270,949
Accrued expenses		97,973	113,899
Deferred revenue		967,718	943,184
Operating lease liability		255,610	-
Total liabilities		1,616,626	1,328,032
Net assets:			
Without donor restrictions		4,610,109	4,302,224
With donor restrictions		1,191,980	1,112,778
Total net assets		5,802,089	5,415,002
Total liabilities and net assets	$	7,418,715	6,743,034

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Membership dues	$ 1,340,202	-	1,340,202	1,271,221	-	1,271,221
Subscription and advertising	130,114	-	130,114	132,420	-	132,420
Conferences	472,728	-	472,728	237,065	-	237,065
Competitions	128,656	-	128,656	122,928	-	122,928
Contributions	207,492	54,542	262,034	176,403	56,319	232,722
Other	168,050	-	168,050	146,514	-	146,514
Investment return, net	242,849	71,706	314,555	(400,265)	(133,273)	(533,538)
Net assets released from restrictions	47,046	(47,046)	-	-	-	-
	2,737,137	79,202	2,816,339	1,686,286	(76,954)	1,609,332
Expenses:						
Program	2,054,044	-	2,054,044	1,925,214	-	1,925,214
Management and general	295,103	-	295,103	274,477	-	274,477
Fundraising	80,105	-	80,105	73,724	-	73,724
	2,429,252	-	2,429,252	2,273,415	-	2,273,415
Change in net assets	307,885	79,202	387,087	(587,129)	(76,954)	(664,083)
Net assets:						
Beginning of year	4,302,224	1,112,778	5,415,002	4,889,353	1,189,732	6,079,085
End of year	$ 4,610,109	1,191,980	5,802,089	4,302,224	1,112,778	5,415,002

See accompanying notes to the consolidated financial statements.

		Program	Management and General	Fundraising	Total
Salaries and wages	$	563,982	150,395	37,599	751,976
Payroll taxes		37,004	9,867	2,467	49,338
Employee benefits		58,343	15,558	3,890	77,791
Rent and utilities		77,216	20,590	5,148	102,954
Travel and entertainment		38,859	10,362	2,591	51,812
Newsletters and mailings		52,533	-	-	52,533
Membership retention		8,001	-	-	8,001
Insurance		16,531	9,642	1,378	27,551
Office supplies and postage		7,655	2,041	510	10,206
Professional fees		27,283	15,915	2,274	45,472
Bank charges		69,778	18,607	4,652	93,037
Depreciation		10,925	2,914	729	14,568
Readership		172,226	-	9,064	181,290
Conferences		289,229	-	-	289,229
Competitions		127,058	-	-	127,058
Grants and awards		239,298	-	-	239,298
Licenses and fees		6,173	1,645	412	8,230
Technology		102,230	27,262	6,815	136,307
Leadership summit		84,861	-	-	84,861
Partnership development		26,211	-	-	26,211
Other		38,648	10,305	2,576	51,529
Total expenses	$	2,054,044	295,103	80,105	2,429,252

See accompanying notes to the consolidated financial statements.

	Program	Management and General	Fundraising	Total
Salaries and wages	$ 537,453	143,321	35,830	716,604
Payroll taxes	36,239	9,664	2,416	48,319
Employee benefits	56,651	15,107	3,777	75,535
Rent and utilities	76,344	20,358	5,090	101,792
Travel and entertainment	9,425	2,514	628	12,567
Newsletters and mailings	61,267	-	-	61,267
Membership retention	10,485	-	-	10,485
Insurance	15,707	9,163	1,309	26,179
Office supplies and postage	6,749	1,800	450	8,999
Professional fees	28,991	16,912	2,416	48,319
Bank charges	65,587	17,490	4,372	87,449
Depreciation	11,183	2,981	746	14,910
Readership	150,062	-	7,898	157,960
Conferences	59,832	-	-	59,832
Conference cancellation fee	326,323	-	-	326,323
Competitions	89,231	-	-	89,231
Grants and awards	226,733	-	-	226,733
Licenses and fees	6,152	1,640	410	8,202
Technology	99,872	26,633	6,658	133,163
Leadership summit	1,250	-	-	1,250
Partnership development	23,825	-	-	23,825
Other	25,853	6,894	1,724	34,471
Total expenses	$ 1,925,214	274,477	73,724	2,273,415

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 387,087	(664,083)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,568	14,910
Realized and unrealized (gain) loss on investments	(233,958)	714,405
Amortization of operating lease right-of-use asset	152,894	-
Change in operating lease liability	(126,624)	-
Effect of change in operating assets and liabilities:		
Accounts receivable	(22,044)	9,620
Prepaid expenses and deposits	(8,127)	(121,235)
Accounts payable	24,376	253,110
Accrued expenses	(15,926)	3,774
Deferred revenue	24,534	87,527
Net cash provided by operating activities	196,780	298,028
Cash flows from investing activities:		
Purchases of property and equipment	-	(4,312)
Proceeds received from sale of investments	1,798,453	1,096,010
Purchases of investments	(3,340,507)	(1,348,544)
Net cash used in investing activities	(1,542,054)	(256,846)
Change in cash and cash equivalents	(1,345,274)	41,182
Cash and cash equivalents - beginning of year	2,657,758	2,616,576
Cash and cash equivalents - end of year	$ 1,312,484	2,657,758
Supplemental disclosure of cash flow information:		
Operating right-of-use asset obtained in exchange for operating lease liability	$ 382,234	-

See accompanying notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Music Teachers National Association, Inc. and Subsidiary (the "Association"), are set forth to facilitate the understanding of data presented in the consolidated financial statements.

Nature of operations
The Association advances the value of music study and music making to society and supports the professionalism of music teachers.

Principles of consolidation
The accompanying consolidated financial statements present the consolidated financial position and changes in net assets of the Association, its former corporate entity, which has been renamed, MTNA Certification Program (Certification) and its wholly owned subsidiary, the American Classical Music Hall of Fame and Museum (ACMHOFM). All inter-organizational accounts and transactions have been eliminated.

New accounting standards
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition* to Topic 842; ASU 2018-10, *Codification Improvements* to Topic 842, *Leases*; ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases* (Topic 842): *Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use assets and lease liabilities for operating leases on the consolidated statements of financial position.

The Association elected to adopt these ASU's effective July 1, 2022. In addition, the Association adopted ongoing accounting policies to not recognize right-of-use assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases. Adoption of the standard required the Association to restate amounts as of July 1, 2022, resulting in an increase in operating lease right-of-use asset and operating lease liability of $382,234.

Use of estimates
The presentation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Financial statement presentation
The Association is required to report information regarding its consolidated financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Board of Directors.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2023 and 2022, the Association did not have any net assets required to be maintained in perpetuity.

Functional allocation of expenses
The consolidated financial statements report certain categories of expenses that are attributable to programs and supporting functions of the Association. Expenses are directly applied when applicable. Newsletters and mailings, membership retention, conferences, competitions, grants and awards, leadership summit and partnership development expenses are directly applied. All other expenses are allocated to programs or support services based on management's estimate of time and effort of individual employees and their related duties.

Income taxes
For federal tax purposes, Music Teachers National Association, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code but is subject to tax on its unrelated business income.

In addition, Music Teachers National Association, Inc. was formerly organized under Section 501(c)(6) of the Internal Revenue Code. All of the assets except $50,000 were transferred from the 501(c)(6) organization, now named MTNA Certification Program, into the 501(c)(3) organization. MTNA Certification Program is used strictly for certification and its financial position and results of operations have been consolidated with the Association in these consolidated financial statements.

ACMHOFM is a tax exempt organization under the Internal Revenue Code Section 501(c)(3). ACMHOFM does not have net income from activities subject to the unrelated business income tax.

The Association's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Association's tax provision and tax exempt status, interpretations and tax planning strategies were considered. The Association believes their estimates are appropriate based on the current facts and circumstances.

Revenue recognition – contributions
Contributions of cash and other assets without donor stipulations concerning the use of such assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as revenues of the net assets with donor restrictions classes.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without restrictions. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Association reports gifts of long-lived assets as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated long-lived assets are placed in service.

Unconditional contributions are recorded when the promise to give is received. Contributions are recorded when the contribution is awarded, unless conditional by nature. There are no conditional promises to give at June 30, 2023 and 2022. Revenues from sources other than contributions are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Revenue recognition – exchange transactions
The Association derives exchange transaction revenue primarily from membership dues, subscriptions and advertising, conferences and competitions. These revenues are recognized when control of these products or services is transferred to its members and customers, in an amount that reflects the consideration the Association expects to be entitled to in exchange for those products and services. Incidental items that are immaterial in the context of the contracts are recognized as expense. The Association does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year.

Revenue from performance obligations satisfied at a point in time consists of subscription and advertising, conferences and competitions. Subscriptions and advertising are recognized at the time the service is provided or the advertisement is published. Customers are invoiced in the month of publication. Any subscription and advertising fees received ahead of the month of publication are non-refundable two months before publication. Revenue from conferences and competitions is generally recognized at the time the program or event takes place. Customers pay the contract amount in full at the time of purchase. Conference fees are non-refundable two months before the event, and competition fees are non-refundable at the time of purchase.

Revenue from performance obligations satisfied over time consists of membership dues. Members pay the contract amount in full at the time of purchase. Membership dues are non-refundable and are recognized as revenue ratably over the term of the one-year membership.

The following table disaggregates the Association's revenue based on the timing of satisfaction of performance obligations for the years ended June 30:

	2023	2022
Subscription and advertising	$ 130,114	132,420
Conferences	472,728	237,065
Competitions	128,656	122,928
Revenue from performance obligations satisfied at a point in time	731,498	492,413
Revenue from performance obligations satisfied over time	1,340,202	1,271,221
Total	$ 2,071,700	1,763,634

Cash received in advance is recorded on the consolidated statements of financial position as deferred revenue. Deferred revenue, which is considered a contract liability, of $967,718 and $943,184 at June 30, 2023 and 2022, respectively, consists of deferred membership dues, conference and competition fees and subscription and advertising fees.

Cash and cash equivalents
For purposes of the consolidated statements of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for money markets held within its investment accounts.

Concentration of credit risk
The Association maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Allowance for doubtful accounts
The Association extends credit to various customers for use of mailing lists and advertising. On a periodic basis, the Association evaluates its accounts receivable and establishes an allowance, based on a history of past write-offs and collections and current credit conditions. All accounts receivable are deemed fully collectible by management. Therefore, no allowance for doubtful accounts is necessary.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Dividends, interest income, realized and unrealized gains and losses on security transactions, unrealized gains or losses on investments and investment expenses are included as investment return, net in the consolidated statements of activities.

Property and equipment and depreciation
The Association capitalizes all property and equipment in excess of $1,000. Property and equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets which range from 3-7 years.

Operating lease
The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating lease is included in operating lease right-of-use asset and liability in the Association's consolidated statements of financial position.

Right-of-use asset represent the Association's right to use an underlying asset for the lease term, and lease liability represent the Association's obligation to make lease payments. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Association uses their implicit rate when it is readily determinable. Since most of the Association's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate based on the information available at lease commencement. Operating lease right-of-use assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Association's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be utilized.

Subsequent events
The Association evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through August 31, 2023, the date on which the consolidated financial statements were available to be issued.

Reclassifications
Certain prior year amounts have been reclassified to conform with the current year financial statement presentation. These reclassifications had no effect on net assets or the reported change in net assets.

2. PROPERTY AND EQUIPMENT:

Property and equipment at June 30 is summarized as follows:

	2023	2022
Furniture and fixtures	$ 194,584	194,584
Leasehold improvements	90,009	90,009
Less accumulated depreciation	(227,931)	(213,363)
	$ 56,662	71,230

3. RETIREMENT PLAN:

The Association offers a voluntary participation 401(k) retirement plan to its employees. All employees of the Association are eligible to participate in the Plan upon meeting certain eligibility requirements. The Association matches a certain percentage of the employee contributions. Total matching retirement contributions were $19,087 and $18,750 for the years ended June 30, 2023 and 2022, respectively.

4. OPERATING LEASE:

In July 2020, the Association entered into an escalating lease agreement for certain office space through December 2027. It is not reasonably certain that the Association will exercise renewal options for this lease, therefore, no future renewal periods are included in the future minimum rental payments as of June 30, 2023. The discount rate used for the operating lease was .52% with a five year remaining lease term at June 30, 2023.

Operating lease expense and cash flows under the lease totaled $48,945 and $54,237, respectively, for the year ended June 30, 2023.

Future minimum lease payments and the present values of the net minimum lease payments as of June 30, 2023:

2024	$ 55,327
2025	56,465
2026	57,556
2027	58,741
2028	29,964
Total lease payments	$ 258,053
Less: imputed interest	(2,443)
Present value of lease payments	$ 255,610
Less: lease liability- short term	(55,327)
Lease liability- long term	$ 200,283

In addition to the base rent disclosed above, the Association is also responsible for its share of the taxes and operating expenses. The Association will pay an estimated amount of the taxes and operating expenses monthly with its base rent and a settlement calculation will be performed at the end of year with an adjustment to the actual expenses.

5. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED:

As of June 30, 2023 and 2022, the Board has designated $1,859,946 and $1,629,833, respectively, of net assets to be used for competition awards for students and other purposes.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes at June 30:

	2023	2022
Teacher enrichment grants	$ 581,955	560,202
Local association grants	22,029	21,130
Other	587,996	531,446
	$ 1,191,980	1,112,778

7. ENDOWMENT FUNDS:

Generally accepted accounting principles require that net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Association's endowment consists of several funds established to provide student awards, association grants and teacher enrichment grants. Its endowment consists of board-designated funds. The board designated endowment had a balance of $1,859,216 and $1,629,833 at June 30, 2023 and 2022, respectively. Changes in endowment net assets are as follows for the years ended June 30:

	2023 Without Donor Restrictions	2022 Without Donor Restrictions
Endowment net assets at beginning of year	$ 1,629,833	1,908,367
Interest and dividend income	7,998	92,387
Realized and unrealized gain (loss) on investments	179,143	(389,626)
Contributions	5,955	27,281
Appropriation of endowment assets for expenditure	47,046	-
Investment fees	(10,029)	(8,576)
Endowment net assets at end of year	$ 1,859,946	1,629,833

Return objectives and risk parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide for long-term growth of income and principal without undue exposure to risk. The return objective shall be accomplished using a balanced strategy of fixed income, equities, mutual funds and cash equivalents in a mix that is conducive to participation in rising markets while allowing for adequate protection in falling markets. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index, Russell Mid Cap Index, Russell 2000 Index, and Morgan Stanley EAFE Index.

Strategies employed for achieving objectives
To satisfy its long-term rate-of-return objectives, the Association 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). The Association 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
The Association has a policy of appropriating for distribution each year five percent of the endowment fund's average fair value over 12 quarters. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Association elected to appropriate $47,046 and $0 during the years ended June 30, 2023 and 2022, respectively.

8. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access.

- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair value methods and assumptions on investments consisting of money market funds, mutual funds and equities are based on the Level 1 market approach. Investments in fixed income instruments that are not quoted on an exchange, but are traded in active markets, are valued on Level 2 inputs using pricing obtained from our custodians, which use third-party data source providers.

The following tables present the Association's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2023 and 2022:

		Fair Value Measurements at Reporting Date Using:		
June 30, 2023	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	$ 500,161	500,161	-	-
Mutual funds:				
Large blend	302,521	302,521	-	-
Large value	232,825	232,825	-	-
Mid-cap value	191,010	191,010	-	-
Foreign large growth	193,891	193,891	-	-
Foreign large blend	243,155	243,155	-	-
Global large-stock blend	311,666	311,666	-	-
Global allocation	59,336	59,336	-	-
Moderate allocation	150,177	150,177	-	-
Intermediate term bond	247,648	247,648	-	-
Intermediate core-plus bond	177,148	177,148	-	-
Allocation – 50%-70% equity	454,261	454,261	-	-
Options trading	310,815	310,815	-	-
Short term bond	612,686	612,686	-	-
Small value	187,669	187,669	-	-
	$ 4,174,969	4,174,969	-	-

		Fair Value Measurements at Reporting Date Using:		
June 30, 2022	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	$ 486,294	486,294	-	-
Mutual funds:				
Diversified emerging	189,702	189,702	-	-
Large blend	165,113	165,113	-	-
Large value	175,269	175,269	-	-
Mid-cap value	158,593	158,593	-	-
Foreign large growth	187,467	187,467	-	-
Foreign large blend	181,728	181,728	-	-
World bond-USD hedged	135,346	135,346	-	-
World large stock	219,795	219,795	-	-
Intermediate term bond	504,667	504,667	-	-
Intermediate core-plus bond	207,992	207,992	-	-
Allocation – 50%-70% equity	413,526	413,526	-	-
Options Trading	275,667	275,667	-	-
Short term bond	321,588	321,588	-	-
Small value	176,220	176,220	-	-
	$ 3,798,967	3,798,967	-	-

9. LIQUIDITY DISCLOSURES:

The Association is substantially supported by earned revenue. The Association also receives contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of daily requirements in investments as deemed appropriate. The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30:

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 2,712,494	2,657,758
Investments, at fair value	4,174,969	3,798,967
Accounts receivable	40,954	18,910
Financial assets available at year-end	6,928,417	6,475,635
Less those unavailable for general expenditures within one year due to:		
Investments held with donor restrictions	1,191,980	1,112,778
Financial assets available to meet cash needs for general expenditures within one year	$ 5,736,437	5,362,857

10. CONFERENCE CANCELLATION:

In March 2022, the Association cancelled the in-person conference and moved to a virtual event. Due to the cancellation, the Association incurred a cancellation fee of $464,868. A portion of this cancellation fee was allowed to be used as a credit towards a future event. The Association recognized $326,323 of expense related to the cancellation in the consolidated statement of activities for the year ended June 30, 2022. The remaining $138,545 is recognized as a deposit towards the 2025 conference and is included within deposits on the consolidated statements of financial position as of June 30, 2023 and 2022.

		Association	Certification	ACMHOFM	Elimination	Total
Assets:						
Cash and cash equivalents	$	2,552,772	124,708	35,014	-	2,712,494
Investments, at fair value		4,116,926	58,043	-	-	4,174,969
Accounts receivable		40,954	25,594	59	(25,653)	40,954
Prepaid expenses		59,609	476	900	-	60,985
Property and equipment, net		56,662	-	-	-	56,662
Deposits		143,311	-	-	-	143,311
Operating lease right-of-use asset		229,340	-	-	-	229,340
Total assets	$	7,199,574	208,821	35,973	(25,653)	7,418,715
Liabilities and net assets:						
Liabilities:						
Accounts payable	$	320,978	-	-	(25,653)	295,325
Accrued expenses		97,973	-	-	-	97,973
Deferred revenue		967,718	-	-	-	967,718
Operating lease liability		255,610	-	-	-	255,610
Total liabilities		1,642,279	-	-	(25,653)	1,616,626
Net assets:						
Without donor restrictions		4,365,315	208,821	35,973	-	4,610,109
With donor restrictions		1,191,980	-	-	-	1,191,980
Total net assets		5,557,295	208,821	35,973	-	5,802,089
Total liabilities and net assets	$	7,199,574	208,821	35,973	(25,653)	7,418,715

See accompanying notes to the consolidated financial statements.

		Association	Certification	ACMHOFM	Elimination	Total
Assets:						
Cash and cash equivalents	$	2,501,568	128,959	27,231	-	2,657,758
Investments, at fair value		3,745,303	53,664	-	-	3,798,967
Accounts receivable		18,910	30,907	163	(31,070)	18,910
Prepaid expenses		52,406	452	-	-	52,858
Property and equipment, net		71,230	-	-	-	71,230
Deposits		143,311	-	-	-	143,311
Total assets	$	6,532,728	213,982	27,394	(31,070)	6,743,034
Liabilities and net assets:						
Liabilities:						
Accounts payable	$	302,019	-	-	(31,070)	270,949
Accrued expenses		113,899	-	-	-	113,899
Deferred revenue		943,184	-	-	-	943,184
Total liabilities		1,359,102	-	-	(31,070)	1,328,032
Net assets:						
Without donor restrictions		4,060,848	213,982	27,394	-	4,302,224
With donor restrictions		1,112,778	-	-	-	1,112,778
Total net assets		5,173,626	213,982	27,394	-	5,415,002
Total liabilities and net assets	$	6,532,728	213,982	27,394	(31,070)	6,743,034

	Association			Certification	ACMHOFM	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Total
Revenues:						
Membership dues	$ 1,340,202	-	1,340,202	-	-	1,340,202
Subscription and advertising	130,114	-	130,114	-	-	130,114
Conferences	472,728	-	472,728	-	-	472,728
Competitions	128,656	-	128,656	-	-	128,656
Contributions	196,172	54,542	250,714	-	11,320	262,034
Other	90,342	-	90,342	77,705	3	168,050
Management fee	69,000	-	69,000	(69,000)	-	-
Investment return, net	238,196	71,706	309,902	4,653	-	314,555
Net assets released from restrictions	47,046	(47,046)	-	-	-	-
	2,712,456	79,202	2,791,658	13,358	11,323	2,816,339
Expenses:						
Program	2,038,096	-	2,038,096	13,890	2,058	2,054,044
Management and general	290,852	-	290,852	3,703	548	295,103
Fundraising	79,041	-	79,041	926	138	80,105
	2,407,989	-	2,407,989	18,519	2,744	2,429,252
Change in net assets	304,467	79,202	383,669	(5,161)	8,579	387,087
Net assets:						
Beginning of year	4,060,848	1,112,778	5,173,626	213,982	27,394	5,415,002
End of year	$ 4,365,315	1,191,980	5,557,295	208,821	35,973	5,802,089

	Association			Certification	ACMHOFM	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Total
Revenues:						
Membership dues	$ 1,271,221	-	1,271,221	-	-	1,271,221
Subscription and advertising	132,420	-	132,420	-	-	132,420
Conferences	237,065	-	237,065	-	-	237,065
Competitions	122,928	-	122,928	-	-	122,928
Contributions	174,978	56,319	231,297	-	1,425	232,722
Other	59,968	-	59,968	86,543	3	146,514
Management fee	65,000	-	65,000	(65,000)	-	-
Investment return, net	(391,807)	(133,273)	(525,080)	(8,458)	-	(533,538)
	1,671,773	(76,954)	1,594,819	13,085	1,428	1,609,332
Expenses:						
Program	1,912,751	-	1,912,751	9,627	2,836	1,925,214
Management and general	271,154	-	271,154	2,567	756	274,477
Fundraising	72,893	-	72,893	642	189	73,724
	2,256,798	-	2,256,798	12,836	3,781	2,273,415
Change in net assets	(585,025)	(76,954)	(661,979)	249	(2,353)	(664,083)
Net assets:						
Beginning of year	4,645,873	1,189,732	5,835,605	213,733	29,747	6,079,085
End of year	$ 4,060,848	1,112,778	5,173,626	213,982	27,394	5,415,002