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

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2018 AND 2017

MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP., MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
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YEARS ENDED JUNE 30, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of MGMA-ACMPE, MGMA Center for Research, Inc., MGMA Realty Corp., MGMA Services, Inc., and ACMPE Scholarship Fund, Inc., (collectively, the Association), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MGMA-ACMPE, MGMA Center for Research, Inc., MGMA Realty Corp., MGMA Services, Inc., and ACMPE Scholarship Fund, Inc. as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 10 to the consolidated financial statements, the Association changed its method of recognizing the data portion of organizational membership dues revenue. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2018 and 2017 consolidating statements of changes in net assets as listed in the table of contents is 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
March 11, 2019

MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP., MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	Retropective Application 2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,620,727	$ 5,872,673
Investments	25,485,025	23,323,502
Accounts Receivable, Net of Allowance of $70,000 in 2018 and 2017	3,251,445	1,523,412
Publications Inventory	-	833,923
Prepayments	900,863	736,292
Total Current Assets	33,258,060	32,289,802
PROPERTY AND EQUIPMENT		
Building	5,961,065	5,961,065
Furniture and Equipment	5,357,929	4,523,338
Land	820,745	820,745
Construction in Progress	455,772	-
Subtotal	12,595,511	11,305,148
Less: Accumulated Depreciation and Amortization	(9,520,253)	(8,434,812)
Net Property and Equipment	3,075,258	2,870,336
OTHER ASSETS		
Restricted Investments	755,515	754,668
Deferred Compensation	111,693	80,945
Other Long-Term Assets	42,691	61,063
Total Other Assets	909,899	896,676
Total Assets	$ 37,243,217	$ 36,056,814

See accompanying Notes to Consolidated Financial Statements.

MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP., MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2018 AND 2017

LIABILITIES AND NET ASSETS	2018	Retropective Application 2017
CURRENT LIABILITIES		
Accounts Payable	$ 1,159,462	$ 686,499
Accrued Liabilities	2,171,888	3,491,470
Current Portion of Obligations Under Capital Leases	11,420	11,084
Unearned Revenue - Membership Dues	4,667,423	4,740,373
Unearned Revenue - Fees and Services	4,231,901	3,359,354
Total Current Liabilities	12,242,094	12,288,780
LONG-TERM LIABILITIES		
Long-Term Obligations Under Capital Leases	14,764	26,183
Total Long-Term Liabilities	14,764	26,183
Total Liabilities	12,256,858	12,314,963
NET ASSETS		
Unrestricted Net Assets	23,801,721	22,612,069
Temporarily Restricted Net Assets	429,123	375,114
Permanently Restricted Net Assets	755,515	754,668
Total Net Assets	24,986,359	23,741,851
Total Liabilities and Net Assets	$ 37,243,217	$ 36,056,814

See accompanying Notes to Consolidated Financial Statements.

MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP., MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Dues	$ 8,986,936	$ -	$ -	$ 8,986,936
Conference and Education Services	6,232,538	-	-	6,232,538
Information and Publication Services	11,251,895	-	-	11,251,895
Consulting Services	1,279,913	-	-	1,279,913
Membership Lists and Affinity Revenue	627,495	-	-	627,495
Executive Partnership Revenue	265,193	-	-	265,193
Grants and Other Contributions	-	-	847	847
Certification Services	511,637	-	-	511,637
Other	14,660	-	-	14,660
Net Assets Released from Restrictions	42,425	(42,425)	-	-
Total Support and Revenue	29,212,692	(42,425)	847	29,171,114
EXPENSES				
Program Services:				
Membership Services	2,765,084	-	-	2,765,084
Conference and Education Services	8,577,085	-	-	8,577,085
Information and Publication Services	4,812,913	-	-	4,812,913
Consulting Services	2,365,590	-	-	2,365,590
Government Affairs	3,105,573	-	-	3,105,573
Scholarship Awards	33,000	-	-	33,000
Certification Services	522,877	-	-	522,877
Total Program Services	22,182,122	-	-	22,182,122
Supporting Services:				
Management and General	8,132,171	-	-	8,132,171
Committees	176,459	-	-	176,459
Total Supporting Services	8,308,630	-	-	8,308,630
Total Expenses	30,490,752	-	-	30,490,752
CHANGES IN NET ASSETS FROM OPERATIONS	(1,278,060)	(42,425)	847	(1,319,638)
INVESTMENT INCOME	536,128	28,136	-	564,264
NET REALIZED/UNREALIZED GAIN ON INVESTMENTS	1,931,584	68,298	-	1,999,882
CHANGES IN NET ASSETS	1,189,652	54,009	847	1,244,508
Net Assets - Beginning of Year	22,612,069	375,114	754,668	23,741,851
NET ASSETS - END OF YEAR	$ 23,801,721	$ 429,123	$ 755,515	$ 24,986,359

See accompanying Notes to Consolidated Financial Statements.

**MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP.,
MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	2017 - Retrospective Application			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Dues	$ 8,972,151	$ -	$ -	$ 8,972,151
Conference and Education Services	6,831,331	-	-	6,831,331
Information and Publication Services	8,997,508	-	-	8,997,508
Consulting Services	1,767,191	-	-	1,767,191
Membership Lists and Affinity Revenue	745,229	-	-	745,229
Executive Partnership Revenue	750,715	-	-	750,715
Grants and Other Contributions	-	-	70	70
Certification Services	379,901	-	-	379,901
Other	7,972	-	-	7,972
Net Assets Released from Restrictions	97,581	(47,581)	(50,000)	-
Total Support and Revenue	28,549,579	(47,581)	(49,930)	28,452,068
EXPENSES				
Program Services:				
Membership Services	1,888,247	-	-	1,888,247
Conference and Education Services	8,812,913	-	-	8,812,913
Information and Publication Services	4,533,203	-	-	4,533,203
Consulting Services	2,563,874	-	-	2,563,874
Government Affairs	2,254,316	-	-	2,254,316
Scholarship Awards	85,775	-	-	85,775
Grants and Contracted Research	1,300	-	-	1,300
Certification Services	314,989	-	-	314,989
Total Program Services	20,454,617	-	-	20,454,617
Supporting Services:				
Management and General	8,811,995	-	-	8,811,995
Committees	204,850	-	-	204,850
Total Supporting Services	9,016,845	-	-	9,016,845
Total Expenses	29,471,462	-	-	29,471,462
CHANGES IN NET ASSETS FROM OPERATIONS	(921,883)	(47,581)	(49,930)	(1,019,394)
INVESTMENT INCOME	481,092	27,692	-	508,784
NET REALIZED/UNREALIZED GAIN ON INVESTMENTS	2,794,825	98,787	-	2,893,612
CHANGES IN NET ASSETS	2,354,034	78,898	(49,930)	2,383,002
Net Assets - Beginning of Year (Retrospective Application - see Note 10)	20,258,035	296,216	804,598	21,358,849
NET ASSETS - END OF YEAR	$ 22,612,069	$ 375,114	$ 754,668	$ 23,741,851

See accompanying Notes to Consolidated Financial Statements.

MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP., MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	Retrospective Application 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,244,508	$ 2,383,002
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,085,441	1,230,633
Net Realized/Unrealized Gain on Investments	(1,999,882)	(2,893,612)
(Increase) Decrease in Assets:		
Accounts Receivable	(1,728,033)	331,970
Publications Inventory	833,923	(356,197)
Prepayments	(164,571)	(246,023)
Deferred Compensation	(30,748)	115,164
Other Assets	18,372	(3,163)
Increase in Liabilities:		
Accounts Payable and Accrued Liabilities	(1,302,391)	511,364
Unearned Revenue	799,597	95,375
Net Cash Provided (Used) by Operating Activities	(1,243,784)	1,168,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(834,591)	(163,300)
Loss on Sale of Property and Equipment	-	14,397
Purchases of Investments	(5,751,296)	(11,931,723)
Proceeds from Sale of Investments	5,588,808	11,548,680
Net Cash Used by Investing Activities	(997,079)	(531,946)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Capital Lease Obligations	(11,083)	(15,349)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,251,946)	621,218
Cash and Cash Equivalents - Beginning of Year	5,872,673	5,251,455
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,620,727	$ 5,872,673
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING		
Accounts Payable for Property and Equipment	$ 455,772	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

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

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

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

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

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

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

Principles of Consolidation

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

Basis of Presentation

The Association classifies its net assets and its revenue, expenses, and gains and losses according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted. Restricted revenues whose restrictions are met in the year of contribution are reported as unrestricted revenue.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents are defined as money market deposits, checking and savings accounts, certificates of deposit, and repurchase agreements with original maturities of less than 90 days, excluding cash equivalents held as part of the Association's investment portfolio, which are classified as investments. As of June 30, 2018 and 2017, balances in excess of federally insured limits totaled approximately $3,204,000 and $5,737,000, respectively.

Investments

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

Restricted Investments

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

Accounts Receivable

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

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

Publications Inventory

Publications inventory consists of various books and other publications held for sale by MGMA-ACMPE. Inventories are stated at the lower of cost or net realizable value using the first-in, first-out method. In 2018, the Association made a change in to its publications inventory policy. Costs for individual publication inventory items below $20,000 are expensed in the year incurred. Costs for individual publication inventory items exceeding $20,000 are recorded as publications inventory.

Prepayments

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

Property and Equipment

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

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

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

Long-Lived Assets

The Association reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Association looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. Through June 30, 2018, no impairment has been deemed necessary.

Revenue Recognition

Revenue from membership dues, fees, and services is recognized ratably over the applicable period of service. The data portion of organizational membership dues revenue is recognized at the time of sale. Unearned dues, fees, and services revenue represents amounts received or billed in advance, unearned executive partner fees represents amounts billed in advance and will be recognized when earned.

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

Revenue Recognition (Continued)

Revenue from contributions, including unconditional promises to give, are recognized in the period in which the promise to give is received from the donor, except when the donor specifies restrictive conditions that cannot be met in the current period. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Expense Allocation

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other program service but provide for the overall support and direction of the Association.

Income Taxes

MGMA-ACMPE, MGMA CFR, MGMA Realty, and SFI are nonprofit corporations as defined by the Internal Revenue Code Sections 501(c)(6) (MGMA-ACMPE), 501(c)(3) (MGMA CFR and SFI), and 501(c)(2) (MGMA Realty) and are exempt from federal income taxes on their related activities. Accordingly, income taxes related to MGMA-ACMPE, MGMA CFR, MGMA Realty, and SFI are to be paid only on net revenue not related to their tax-exempt activities. For the years ended June 30, 2018 and 2017, the Association generated net operating losses from unrelated business activities to the extent that expenses exceeded revenues. Therefore, there is no provision for income taxes in the accompanying consolidated financial statements relating to these entities.

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

MGMA-ACMPE has a deferred tax asset of approximately $710,000 and $570,000 as of June 30, 2018 and 2017, respectively, which resulted from its cumulative net operating losses. A valuation allowance has been recorded as of June 30, 2018 and 2017 to eliminate the deferred tax asset because, based on available evidence, it is more likely than not that, as of June 30, 2018 and 2017, the deferred tax assets will not be realized.

MGMA Services has a deferred tax asset of approximately $810,000 as of June 30, 2018 and 2017, which resulted from its cumulative net operating losses. A valuation allowance has been recorded as of June 30, 2018 and 2017 to eliminate the deferred tax asset because, based on available evidence, it is more likely than not that, as of June 30, 2018 and 2017, the deferred tax assets will not be realized.

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

Uncertain Tax Positions

The Association applies a more likely than not measurement methodology to reflect the consolidated financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized for the years ended June 30, 2018 and 2017.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as management and general expense. No interest or penalties have been assessed as of June 30, 2018 and 2017.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated all subsequent events through March 11, 2019, which is the date the consolidated financial statements were available for issuance, and has determined there are no events requiring disclosure.

NOTE 2 INVESTMENTS AND RESTRICTED INVESTMENTS

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

	2018	Retrospective Application 2017
Investments	$ 25,485,025	$ 23,323,502
Restricted Investments	755,515	754,668
Total	$ 26,240,540	$ 24,078,170

Investments are used as collateral for MGMA-ACMPE's line of credit (Note 4).

NOTE 2 INVESTMENTS AND RESTRICTED INVESTMENTS (CONTINUED)

Investments and restricted investments are comprised of the following:

	2018	Retrospective Application 2017
Cash and Cash Equivalents	$ 1,597,348	$ 431,527
Equities	6,027,981	5,270,920
Mutual Funds and Exchange Traded Funds	15,101,780	13,778,869
Fixed Income:		
Bond Funds	2,652,872	2,849,287
U.S. Government and Agency Bonds	2,151	2,563
Corporate Bonds	858,408	1,745,004
Total	$ 26,240,540	$ 24,078,170

NOTE 3 FAIR VALUE MEASUREMENTS

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

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

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds, Exchange-Traded Funds, Fixed Income and Bond Funds and Equities: Valued at the closing price reported on the active market on which the funds and individual securities are traded.

U.S. Government and Agency Bonds, and Corporate Bonds: Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Financial assets carried at fair value measured on a recurring basis as of June 30, 2018 and 2017 are classified in the tables below in one of the three categories described above:

	2018				
	Not Leveled	Level 1	Level 2	Level 3	Total
Investments:					
Cash and Cash Equivalents	$ 1,597,348	$ -	$ -	$ -	$ 1,597,348
Equities	-	6,027,981	-	-	6,027,981
Mutual Funds and Exchange Traded Funds	-	15,101,780	-	-	15,101,780
Fixed Income Bond Funds	-	2,652,872	-	-	2,652,872
U.S. Government and Agency Bonds	-	-	2,151	-	2,151
Corporate Bonds	-	-	858,408	-	858,408
Total Investments and Restricted Investments	1,597,348	23,782,633	860,559	-	26,240,540
Deferred Compensation:					
Cash and Cash Equivalents	1,533	-	-	-	1,533
Mutual Funds and Exchange Traded Funds	-	110,160	-	-	110,160
Total Deferred Compensation Assets	1,533	110,160	-	-	111,693
Total Fair Value	$ 1,598,881	$ 23,892,793	$ 860,559	$ -	$ 26,352,233

	2017 - Retropective Application				
	Not Leveled	Level 1	Level 2	Level 3	Total
Investments:					
Cash and Cash Equivalents	$ 431,527	$ -	$ -	$ -	$ 431,527
Equities	-	5,270,920	-	-	5,270,920
Mutual Funds and Exchange Traded Funds	-	13,778,869	-	-	13,778,869
Fixed Income Bond Funds	-	2,849,287	-	-	2,849,287
U.S. Government and Agency Bonds	-	-	2,563	-	2,563
Corporate Bonds	-	-	1,745,004	-	1,745,004
Total Investments and Restricted Investments	431,527	21,899,076	1,747,567	-	24,078,170
Deferred Compensation:					
Cash and Cash Equivalents	1,347	-	-	-	1,347
Mutual Funds and Exchange Traded Funds	-	63,764	-	-	63,764
Fixed Income Bond Funds	-	-	15,834	-	15,834
Total Deferred Compensation Assets	1,347	63,764	15,834	-	80,945
Total Fair Value	$ 432,874	$ 21,962,840	$ 1,763,401	$ -	$ 24,159,115

NOTE 4 LINE OF CREDIT AND LETTER OF CREDIT

MGMA-ACMPE has a line of credit for the borrowing of up to $2,500,000, which matures in May 2019. The revolving note carries an interest rate at the bank's prime rate less 1.00%. The rate at June 30, 2018 and 2017 was 4.0% and 3.0%, respectively. Borrowings are collateralized by investment securities. There were no amounts outstanding on the line of credit as of June 30, 2018 and 2017.

MGMA-ACMPE maintains a $27,363 letter of credit as security for a lease.

NOTE 5 COMMITMENTS AND CONTINGENCIES

Leases

MGMA-ACMPE is obligated under capital leases for equipment with an original cost of $58,465 and accumulated amortization of $29,233 and $17,540 at June 30, 2018 and 2017, respectively. The capital lease in effect as of June 30, 2017 will expire in September 2020. In addition, MGMA-ACMPE leases office space under operating leases, which expire in November 2026 and July 2028. Future minimum lease payments under the noncancelable operating leases with initial or remaining lease terms in excess of one year and future minimum capital lease payments as of June 30, 2018 are as follows:

Year Ending June 30,	Capital Leases	Operating Leases
2019	$ 11,988	$ 550,569
2020	11,988	585,654
2021	2,997	593,391
2022	-	600,916
2023	-	615,955
Thereafter	-	2,612,833
Total Minimum Lease Payments	26,973	$ 5,559,318
Less: Amount Representing Interest	(789)	
Present Value of Net Minimum Lease Payments	26,184	
Less: Current Installments of Obligations Under Capital Leases	(11,420)	
Obligations Under Capital Leases, Excluding Current Installments	$ 14,764	

Amortization of assets held under capital leases is included within depreciation expense. Rental expense under the operating lease was $343,017 and 325,161 for the years ended June 30, 2018 and 2017, respectively.

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (Continued)

The operating lease for office space in Washington, DC has increasing payments over the life of the lease agreement. Lease expense under this lease is recorded on a straight-line basis over the life of the lease agreement. Monthly rent expense in excess of rent payments made is recorded as a deferred rent liability until monthly rent payments exceed rent expense, at which point the deferred rent liability will be reduced by the amount that rent payments exceed rent expense. At June 30, 2018 and 2017, the deferred rent liability of $282,321 and $94,059, respectively, was recorded and included in accrued liabilities.

Commitments on Conference Contracts

MGMA-ACMPE enters into contracts to reserve convention and hotel space for future conventions. As of June 30, 2018, MGMA-ACMPE has commitments totaling approximately $5,038,000 for contracts through 2024.

Employment Agreements

The Association has employment agreements with its chief executive officer (CEO) and chief operating officer (COO).

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

The terms of the COO agreement stipulate that, if his employment is terminated without cause, the Association will continue to pay his salary and certain benefits for six months from the date of notice.

Litigation

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

Construction in Progress

As of June 30, 2018, the Association incurred $455,772 of leasehold improvement construction costs that will be paid in fiscal year 2019. The costs are recorded as construction in progress on the consolidated statement of financial position. The Association will be billed for an additional $13,700 of construction management fees in fiscal year 2019. The remainder of the project cost will be paid by the landlord for the lease that began in August 2018.

NOTE 6 BENEFIT PLANS

401(k) Defined Contribution Plan

Participants in the 401(k) defined contribution plan (the 401(k) plan) may elect to defer pre-tax earnings up to the annual limit as defined by the Internal Revenue Service (IRS). The Association matches the participant's compensation deferral up to 4% of the participant's compensation starting once the employee has six months of service. Matching contributions are made on a pay period basis. Matching employer contributions related to the 401(k) plan during the years ended June 30, 2018 and 2017 totaled $434,715 and $427,960, respectively.

At its discretion, the employer may also make a profit sharing contribution to the 401(k) plan in an amount determined by the employer. Profit sharing contributions are determined by management several months after the end of the 401(k) plan calendar year-end. Profit sharing contributions must be disbursed to the plan within nine months following the end of the 401(k) plan calendar year-end. As of June 30, 2018 and 2017, $-0- and $434,205 of profit sharing contributions were accrued for the 401(k) plan calendar years ended December 31, 2017 and 2016, respectively. The Association also accrued $273,977 and $256,242 of estimated profit sharing contributions for the 401(k) plan calendar years ended December 31, 2018 and 2017, respectively. The accrual for the estimated profit sharing contributions is based on the Association's historical profit sharing contribution percentage multiplied by budgeted eligible employee salaries. In addition, the Association accrued approximately $-0- and $100,000 of additional discretionary contributions as of June 30, 2018 and 2017 for the 401(k) plan calendar years ended December 31, 2018 and 2017, respectively. The accrual for the discretionary contribution is estimated using expected additional contributions to employees as determined by management, which is based on anticipated financial results of the Association as of the end of the next calendar year.

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

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

NOTE 6 BENEFIT PLANS (CONTINUED)

Deferred Compensation Plan – 457(f) Plan

During the year ended June 30, 2017, MGMA-ACMPE entered into a 457(f) plan, which allows employees designated as eligible by the Association to receive supplemental retirement contributions from and at the discretion of the Association. The plan follows a tiered vesting schedule specific to each participant and attainment of normal retirement age while an employee, death while an employee, or separation of service due to disability while an employee. In the event of termination or forfeiture of the plan, the assets will remain with the Association. The 457(f) plan assets are held by MGMA-ACMPE and are reported in the accompanying consolidated statements of financial position as deferred compensation. The asset balance related to the 457(f) plan as of June 30, 2018 and 2017 totaled $111,693 and $80,945, respectively.

Self-Funded Health Care Plan

MGMA-ACMPE has a self-funded plan for health care (the health care plan). A stop-loss insurance policy limits the Association's self-insurance liability to $60,000 per individual per year and approximately $923,000 in annual aggregate claims, exclusive of dental claims and administrative costs. The Association paid approximately $1,457,000 and $1,289,000 for administrative expenses and medical, dental, and prescription claims for the years ended June 30, 2018 and 2017, respectively. The Association has recorded an accrual in other accrued liabilities of $156,148 and $147,615 as of June 30, 2018 and 2017, respectively, for estimated claims incurred but not yet reported to the health care plan.

NOTE 7 NET ASSETS

Each of the separate funds of SFI is restricted by outside parties. The permanently restricted net assets relate to contributions held in perpetuity. The temporarily restricted net assets are comprised of earnings from the permanently restricted net assets and contributions for scholarships. These are temporarily restricted until an award recipient is identified and payment can be made to the educational institution. When new scholarships funds are started, both contributions and earnings are permanently restricted until the fund attains a minimum balance.

NOTE 8 ENDOWMENTS

SFI's endowment consists of nine individual funds established to award scholarships. Its endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 8 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of SFI has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, SFI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SFI in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, SFI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of SFI and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of SFI

(7) The investment policies of SFI

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, SFI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SFI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 8 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	$ 139,010	$ 197,913	$ 754,668	$ 1,091,591
Contributions	-	-	847	847
Investment Return:				
Investment Income	3,540	23,647	-	27,187
Net Appreciation (Realized and Unrealized)	8,514	57,474	-	65,988
Total Investment Return	12,054	81,121	-	93,175
Appropriation of Endowment Assets for Expenditure	(768)	(39,083)	-	(39,851)
Endowment Net Assets - End of Year	$ 150,296	$ 239,951	$ 755,515	$ 1,145,762

	2017 - Retrospective Application			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	$ 124,707	$ 132,360	$ 804,598	$ 1,061,665
Contributions	-	-	70	70
Investment Return:				
Investment Income	3,317	23,422	-	26,739
Net Depreciation (Realized and Unrealized)	11,741	83,648	-	95,389
Total Investment Return	15,058	107,070	-	122,128
Appropriation of Endowment Assets for Expenditure	(755)	(41,517)	(50,000)	(92,272)
Endowment Net Assets - End of Year	$ 139,010	$ 197,913	$ 754,668	$ 1,091,591

NOTE 9 SALES TAX EXPENSE AND LIABILITY

During 2016, the Association discovered that it owed sales tax on sales from products sold in various state taxing jurisdictions in the past. The sales tax liability was estimated by applying the applicable state sales tax rates to total taxable sales in each jurisdiction for each respective year plus estimated interest and penalties for delinquent filings. The Association plans to file taxes under Voluntary Disclosure Agreements (VDA) programs available within various taxing jurisdictions. VDAs limit the lookback period for unpaid tax obligations, waive penalties, and reduce interest fees for late tax filings.

At June 30, 2017, the estimated gross sales tax obligation of $1,148,443 included estimated tax owed, interest, and penalties. The estimated gross sales tax obligation at June 30, 2017 was reduced by $178,432 of taxes beyond the VDA lookback period, $12,490 of interest, and $217,506 of penalties that are expected to be waived under the VDA programs that the Association plans to utilize. At June 30, 2017, the total net sales tax liability recorded in accrued liabilities was $732,716. The related tax expense for sales tax incurred in fiscal year 2017 was recorded in that year. The tax expense for the years included under the VDA programs was recorded in 2016. Sales tax expense is classified as management and general expense.

The above estimated tax obligations are associated with state returns from fiscal years 2013 to 2017. During 2018, MGMA-ACMPE worked with the related state taxing authorities to address delinquent filings and related taxes, interest, and penalties.

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE

The Association changed its method of recognizing the data portion of organizational membership dues. The new method of accounting for the data portion of organizational membership dues revenue was adopted because the Association believes the method more appropriately aligns revenue recognition with the satisfaction of its performance obligations. Under the old method of accounting, the data portion of organizational membership dues was recognized over the length of the membership period. The new method of accounting recognizes the data portion of organizational membership dues upon sale of the organizational membership, as a full year's worth of data is provided to the membership at the time of sale. Comparative financial statements of prior years have been adjusted to apply the new method retrospectively. The following consolidated financial statement line items for 2018 and 2017 were affected by the change in accounting principle.

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

Consolidated Statement of Activities, 2018

	As Computed Under New Method	As Computed Under Old Method	Effect of Change
Dues	$ 8,986,936	$ 8,986,936	$ -
Conference and Education Services	6,232,538	6,232,538	-
Information and Publication Services	11,251,895	10,943,357	308,538
Consulting Services	1,279,913	1,279,913	-
Membership Lists and Affinity Revenue	627,495	627,495	-
Executive Partnership Revenue	265,193	265,193	-
Grants and Other Contributions	847	847	-
Certification Services	511,637	511,637	-
Other	14,660	14,660	-
Net Assets Released from Restrictions	-	-	-
Total Support and Revenue	**29,171,114**	**28,862,576**	**308,538**
Total Expenses	**30,490,752**	**30,490,752**	**-**
Investment Income	**564,264**	**564,264**	**-**
Net Realized/Unrealized Gain on Investments	**1,999,882**	**1,999,882**	**-**
Change in Net Assets	**$ 1,244,508**	**$ 935,970**	**$ 308,538**

Consolidated Statement of Activities, 2017

	As Computed Under New Method	As Computed Under Old Method	Effect of Change
Dues	$ 8,972,151	$ 8,972,151	$ -
Conference and Education Services	6,831,331	6,831,331	-
Information and Publication Services	8,997,508	8,456,231	541,277
Consulting Services	1,767,191	1,767,191	-
Membership Lists and Affinity Revenue	745,229	745,229	-
Executive Partnership Revenue	750,715	750,715	-
Grants and Other Contributions	70	70	-
Certification Services	379,901	379,901	-
Other	7,972	7,972	-
Net Assets Released from Restrictions	-	-	-
Total Support and Revenue	**28,452,068**	**27,910,791**	**541,277**
Total Expenses	**29,471,462**	**29,471,462**	**-**
Investment Income	**508,784**	**508,784**	**-**
Net Realized/Unrealized Gain on Investments	**2,893,612**	**2,893,612**	**-**
Change in Net Assets	**$ 2,383,002**	**$ 1,841,725**	**$ 541,277**

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

Consolidated Statement of Financial Position, 2018

	As Computed Under New Method	As Computed Under Old Method	Effect of Change
Total Assets	**$ 37,243,217**	**$ 37,243,217**	**$ -**
Accounts Payable	1,159,462	1,159,462	-
Accrued Liabilities	2,171,888	2,171,888	-
Current Portion of Obligations Under Capital Leases	11,420	11,420	-
Unearned Revenue - Membership Dues	4,667,423	6,142,599	(1,475,176)
Unearned Revenue - Fees and Services	4,231,901	4,231,901	-
Long-Term Obligations Under Capital Leases	14,764	14,764	-
Total Liabilities	**12,256,858**	**13,732,034**	**(1,475,176)**
Unrestricted Net Assets	23,801,721	22,326,545	1,475,176
Temporarily Restricted Net Assets	429,123	429,123	-
Permanently Restricted Net Assets	755,515	755,515	-
Total Net Assets	**$ 24,986,359**	**$ 23,511,183**	**$ 1,475,176**

Consolidated Statement of Financial Position, 2017

	As Computed Under New Method	As Computed Under Old Method	Effect of Change
Total Assets	**$ 36,056,814**	**$ 36,056,814**	**$ -**
Accounts Payable	686,499	686,499	-
Accrued Liabilities	3,491,470	3,491,470	-
Current Portion of Obligations Under Capital Leases	11,084	11,084	-
Unearned Revenue - Membership Dues	4,740,373	5,907,011	(1,166,638)
Unearned Revenue - Fees and Services	3,359,354	3,359,354	-
Long-Term Obligations Under Capital Leases	26,183	26,183	-
Total Liabilities	**12,314,963**	**13,481,601**	**(1,166,638)**
Unrestricted Net Assets	22,612,069	21,445,431	1,166,638
Temporarily Restricted Net Assets	375,114	375,114	-
Permanently Restricted Net Assets	754,668	754,668	-
Total Net Assets	**$ 23,741,851**	**$ 22,575,213**	**$ 1,166,638**

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

The change in accounting principle is presented as a retrospective application of the July 1, 2016 consolidated net assets as follows:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
July 1, 2016 Net Assets as Previously Reported	$ 19,632,674	$ 296,216	$ 804,598	$ 20,733,488
Adjustment for Change in Accounting Principle	625,361	-	-	625,361
July 1, 2016 Net Assets Retrospective Application	20,258,035	296,216	804,598	21,358,849
Change in net assets as originally presented	1,812,757	78,898	(49,930)	1,841,725
Adjustment for Change in Accounting Principle	541,277	-	-	541,277
July 1, 2017 Net Assets Retrospective Application	$ 22,612,069	$ 375,114	$ 754,668	$ 23,741,851

SUPPLEMENTARY INFORMATION

MGMA-ACMPE, MGMA CENTER FOR RESEARCH, INC., MGMA REALTY CORP., MGMA SERVICES, INC., AND ACMPE SCHOLARSHIP FUND, INC.
CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	MGMA - ACMPE	MGMA Realty Corp.	MGMA Center for Research, Inc.	MGMA Services, Inc.	ACMPE Scholarship Fund, Inc. Unrestricted	ACMPE Scholarship Fund, Inc. Temporarily Restricted	ACMPE Scholarship Fund, Inc. Permanently Restricted	Eliminations	Consolidated Total
Net Assets - June 30, 2016 (Retrospective (Application - see Note 10)	$ 29,315,118	$ 431,391	$ 19,937	$ 20,958	$ 104,911	$ 296,216	$ 804,598	$ (9,634,280)	$ 21,358,849
Change in Net Assets	2,928,245	(714,912)	142,691	(804)	(1,186)	78,898	(49,930)	-	2,383,002
Net Assets - June 30, 2017	32,243,363	(283,521)	162,628	20,154	103,725	375,114	754,668	(9,634,280)	23,741,851
Change in Net Assets	1,043,154	42,471	110,197	(1,910)	(4,260)	54,009	847	-	1,244,508
Net Assets - June 30, 2018	$ 33,286,517	$ (241,050)	$ 272,825	$ 18,244	$ 99,465	$ 429,123	$ 755,515	$ (9,634,280)	$ 24,986,359