Association for Corporate Growth, Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended August 31, 2022

ACG®

Association for Corporate Growth

WIPFLI

WIPFLI

Independent Auditor's Report

Board of Directors
Association for Corporate Growth, Inc. and Subsidiaries
Chicago, Illinois

Opinion

We have audited the accompanying consolidated financial statements of Association for Corporate Growth, Inc. and Subsidiaries (the "Association"), a nonprofit organization, which comprise the consolidated statement of financial position as of August 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Association for Corporate Growth, Inc. and Subsidiaries as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States (''GAAP'').

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of Association for Corporate Growth, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Association for Corporate Growth, Inc. and Subsidiaries's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association for Corporate Growth, Inc. and Subsidiaries'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 Association for Corporate Growth, Inc. and Subsidiaries's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP

Lincolnshire, Illinois
July 17, 2023

Association for Corporate Growth, Inc. and Subsidiaries
Consolidated Statement of Financial Position

August 31,	2022
Assets	
Cash and cash equivalents	$ 7,683,078
Accounts receivable	2,964,046
Prepaid expenses and other current assets	833,704
Investments	3,054,641
Convertible notes	331,007
Goodwill, net of accumulated amortization of $194,858	4,481,732
Client contracts, net of accumulated amortization of $21,369	337,631
Restricted covenant, net of accumulated amortization of $8,333	91,667
Software and website, net of accumulated amortization of $1,097,178	1,171,874
Property, equipment, and leasehold improvements, net	165,518
Total assets	$ 21,114,898
Liabilities and Net Assets	
Liabilities:	
Accounts payable	$ 3,147,461
Accrued expenses and other liabilities	1,628,988
Line of credit	2,857,688
Security deposit - Sublease	31,023
Deferred rent obligation	102,749
Notes payable	4,129,167
Deferred revenue	5,111,042
Total liabilities	17,008,118
Net assets:	
Without restrictions	4,106,780
Total liabilities and net assets	$ 21,114,898

See accompanying notes to consolidated financial statements.

Association for Corporate Growth, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets

Year Ended August 31,	2022
Revenues, gains, and other support:	
Membership and PERT	$ 4,214,440
Events	8,814,642
Marketing/Advocacy/PR	8,072,585
Chapter support	11,427
Partnership programs	622,303
Other	359,910
Net investment loss	(207,243)
Total revenues, gains, and other support	21,888,064
Operating expenses:	
Program services	13,039,249
Supporting services - Management and general	12,363,910
Total operating expenses	25,403,159
Change in net assets from operations	(3,515,095)
Nonoperating activities:	
Other government assistance	307,437
Employee retention tax credit	349,083
Contributions from chapter acquisitions	2,852,841
Total nonoperating activities	3,509,361
Change in net assets	(5,734)
Net assets - Beginning of year	4,112,514
Net assets - End of year	$ 4,106,780

See accompanying notes to consolidated financial statements.

Association for Corporate Growth, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

	Program Services								Supporting Services	
Year Ended August 31, 2022	Membership and PERT	Events	Media	Marketing/ Advocacy/ PR	Chapter Support	Partnership Programs	International UK	Total Programs	Management and General	Total
Salaries/fringe benefits	$ 223,031	$ 1,101,181	$ 811,105	$ 414,693	$ 310,703	$ -	$ -	$ 2,860,713	$ 7,385,735	$ 10,246,448
Consulting and temporary help	93,900	7,768	55,130	6,009	19,883	300	3,734	186,724	996,598	1,183,322
Professional services	220,984	166,067	-	-	60,667	-	3,632	451,350	550,989	1,002,339
Service fees	14,331	77,428	62,920	122,374	7,747	200,000	-	484,800	539,378	1,024,178
Meetings and events	-	7,484,878	-	-	(271)	-	-	7,484,607	115,472	7,600,079
Travel/other meeting	7,061	124,006	1,917	1,684	992	2,365	-	138,025	495,761	633,786
Marketing and advertising	17,897	54,813	12,843	279,246	666	789	-	366,254	127,853	494,107
Depreciation/amortization	7,008	-	-	-	-	-	-	7,008	577,640	584,648
Occupancy	-	-	-	-	-	-	-	-	392,057	392,057
Office	15,853	28,250	294,461	12,439	349	-	-	351,352	185,631	536,983
Income taxes	-	-	-	-	-	-	-	-	147,232	147,232
Interest	-	-	-	-	-	-	-	-	147,719	147,719
Other	1,010	705,812	316	780	498	-	-	708,416	701,845	1,410,261
Total functional expenses	$ 601,075	$ 9,750,203	$ 1,238,692	$ 837,225	$ 401,234	$ 203,454	$ 7,366	$ 13,039,249	$ 12,363,910	$ 25,403,159

See accompanying notes to consolidated financial statements.

Association for Corporate Growth, Inc. and Subsidiaries
Consolidated Statement of Cash Flows

Year Ended August 31,	2022
Cash flows from operating activities:	
Change in net assets	$ (5,734)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debt	149,974
Depreciation and amortization	584,648
Noncash contributions from chapter acquisitions	478,315
Noncash loan for acquisition of GF Data Resources LLC	1,150,000
Net realized and unrealized gain on investments	269,797
Deferred rent obligation	(96,403)
Change in accrued interest on convertible notes	34,792
Change in operating assets and liabilities exclusive of net assets acquired from chapter acquisitions and acquisition of GF Data Resources, LLC:	
Accounts receivable	(2,046,521)
Other receivable - Insurance claim	1,700,000
Prepaid expenses and other current assets	(202,020)
Accounts payable	2,236,899
Accrued expenses and other liabilities	175,379
Refundable advance liability - Payroll Protection Plan	(353,676)
Deferred revenue	447,570
Net cash provided by operating activities	4,523,020
Cash flows from investing activities:	
Purchases of property, equipment and software	(850,004)
Purchase of investments	(2,084,008)
Purchase of convertible note	(50,000)
Acquisition of GF Data Resources LLC	(4,325,000)
Proceeds from sale of investments	1,850,054
Net cash used in investing activities	(5,458,958)
Cash flows from financing activities:	
Repayments to related party	(23,424)
Proceeds from line of credit	1,500,000
Proceeds from note payable	3,250,000
Principal repayments on note payable	(270,833)
Net cash provided by financing activities	4,455,743
Change in cash and cash equivalents	3,519,805
Cash and cash equivalents - Beginning of year	4,163,273
Cash and cash equivalents - End of year	$ 7,683,078

Association for Corporate Growth, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (continued)

Year Ended August 31,		2022
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	$	116,224
Income taxes		79,163
Supplemental non-cash investing and financing activity:		
Note payable for purchase of GF Data Resources LLC	$	1,150,000
As a result of business combinations, the Association acquired certain assets and assumed certain liabilities as follows:		
Fair value of assets acquired, net of cash	$	4,325,000

See accompanying notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Association for Corporate Growth, Inc. and Subsidiaries (the "Association") are membership organizations of professionals in the corporate development, and merger and acquisition fields. The Association has 47 chapters in the United States of America, five in Canada, seven in Europe, one in Hong Kong, and one in China. The Association's sponsored programs include annual, regional, and international meetings, and a magazine, which is distributed to its members.

On November 2, 2009, the Association established a wholly owned for-profit subsidiary, ACG China Limited, which was incorporated in Hong Kong. The Hong Kong subsidiary is the holding company for another for-profit company, ACG (Tianjin) Advisors Co., Ltd., incorporated in the People's Republic of China (PRC) as a wholly owned foreign enterprise (WOFE) on February 4, 2010. On December 6, 2011, the Association established a wholly owned for-profit subsidiary, ACG Global (Europe) Limited, which was incorporated in England. During 2021, the Association liquidated ACG (Tianjin) Advisors Co., Ltd. and recognized a loss of $22,280 from nonoperating activities on the statement of activities and change in net assets.

The Association does not include the activity and accounts of the chapters of the Association that are organized and operate as separate entities; except the chapter in the United Kingdom, which is the ACG Global (Europe) Limited subsidiary. Since the Association does not control or have an economic interest in chapter activities (except for the United Kingdom), the Association has not reflected the assets, liabilities, net assets, revenues, or expenses in the accompanying consolidated financial statements. The Association's fiscal year ends on August 31.

During the year, the Association acquired the assets, liabilities and operations of seven independent ACG chapters including ACG Charlotte, Inc.; ACG Maryland, Inc.; ACG National Capital, Inc.; ACG New York, Inc.; ACG San Francisco, Inc.; ACG Denver, Inc.; and ACG New Jersey, Inc. (the "Chapters"). The operations of the acquired chapters have continued as part of the new Association which operates as "One ACG".

Significant accounting policies followed by the Association are presented below.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Association and its subsidiaries. lntercompany transactions and balances have been eliminated in consolidation.

On March 8, 2022, the Association acquired the certain assets and assumed certain liabilities of GF Data Resources LLC (Note 18).

The consolidated financial statements present the results of operations of the business combination in Note 17 from the date of the respective acquisition.

Basis of Presentation

The consolidated financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Association considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. At August 31, 2022, cash equivalents consist of interest earning money market accounts and certificates of deposit. Interest income on the certificates of deposit is recorded as income when earned. The Association's cash deposits in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) subject to certain limitations and conditions.

Accounts Receivable

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience, and other pertinent factors. There is no allowance for doubtful accounts at August 31, 2022, as the Association considers all receivables fully collectible.

Other Receivable - Insurance Claim

Other receivable includes amounts to be received related to an insurance claim for lost revenue resulting from the cancellation of the Intergrowth annual conference.

Investments

Investments consist of certificates of deposit and mutual funds. Those with original maturities of less than three months from date of purchase are classified as cash equivalents, whereas those with original maturities greater than one year are classified as noncurrent investments. Certificates of deposit and mutual funds are stated at fair value based on published market prices.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note 1: Summary of Significant Accounting Policies (Continued)

Goodwill and Other Purchased Intangible Assets

Goodwill and purchased intangible assets result from business combinations. The Association accounts for business acquisitions by allocating the purchase price to tangible an intangible assets acquired and liabilities assumed at their fair value; the excess of the purchase price over the allocated amount is recorded as goodwill.

The Association amortizes goodwill on a straight-line basis over a period of 10 years. The Association tests goodwill for impairment only when a triggering event has occurred that indicates it is more likely than not that the fair value of the reporting unit is below its carrying value. The Association evaluates the impairment as of the end of the reporting period (interim or annual) in which the triggering event has occurred.

The other purchased intangibles are being amortized using the straight-line method with the following estimated useful lives:

	Estimated Useful Lives
Client contracts	7
Restricted covenant	5

Software and website

Software and website are stated at cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful life of three to five years.

Property, Equipment and Leasehold Improvements

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over their estimated useful lives, which range from three to 11 years. Leasehold improvements are amortized over the lessor of the useful lives of the assets or the term of the lease.

Additions and betterments of $1,000 or more with a useful life greater than one year are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Impairment of Long-Lived Assets

The Association evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Association evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. The Association has not recognized any impairment of long lived assets during the year ended August 31, 2021.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets subject to restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events. Other restrictions are perpetual in nature, where the resources must be maintained in perpetuity. Restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Association does not have any net assets with donor restrictions.

Revenue Recognition

Effective with ASC 606, the Association performs the following five steps for arrangements the Association determined are within the scope of the new revenue recognition standard: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Association satisfies a performance obligation. Revenues are recognized when control of performance obligations, which are distinct product or service within the contract, is transferred to the customer.

Control is transferred when the customer has the ability to direct the use of and obtain the benefits from the products or services. The Association does not assess whether a significant financing component exists, under the practical expedient guidance, if the period between when it performs its obligation under the contract and when the customer pays, is one year or less.

Determining the method and amount of revenue to recognize requires the Association to make judgments and estimates which include determining whether the performance obligation is satisfied over-time or at a point-in-time, the selection of method to measure progress towards completion, and determining if the contract includes any variable consideration or material right elements.

Revenue is measured as the amount of consideration the Association expects to receive in exchange for transferring product or services to their customers and members.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Membership Dues and PERT:

Revenue as it pertains to membership dues is recognized throughout the calendar year in accordance with the agreements with members. Dues, fees, and assessments received during the year that relate to the subsequent calendar year are recorded as deferred revenue. As such, the performance obligation is satisfied over time. The Association has determined that the transaction price is based on the membership agreement, which outlines the fees for the various membership types and levels. Funds received in advance for the following year are recorded as deferred revenue.

Events:

Registration Fees:

Registration fees revenue is recorded when the services are completed. The performance obligation is providing the education and entertainment at various events throughout the year. As such, the performance obligation is satisfied at a point in time, at the completion of the event. The Association has determined that the transaction price is the price stated in the registration application for the event.

Sponsorships:

Sponsorships revenue is recorded when the services are completed. The performance obligation is hosting various events throughout the year and providing services as stated in the contract. As such, the performance obligation is satisfied at a point in time, at the completion of the event. The Association has determined that the transaction price is the price stated in the contract.

Exhibits:

Exhibits revenue is recorded when the services are completed. The performance obligation is hosting various events throughout the year and providing services as stated in the contract. As such, the performance obligation is satisfied at a point in time, at the completion of the event. The Association has determined that the transaction price is the price stated in the contract.

Certifications:

Certifications revenue is recorded when the registration occurs. The courses are self paced and the performance obligation is providing access to the training or learning experience. As such, the performance obligation is satisfied at a point in time, when the registrant has access the course immediately upon payment. The Association has determined that the transaction price is the price stated in the registration for the specific course/program.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Marketing/Advocacy/PR

Marketing/Advocacy/PR revenue is made up primarily of sponsorships and advertising. Sponsorship revenue is recorded when the services are completed. The performance obligation is hosting various events throughout the year and providing services as stated in the contract. As such, the performance obligation is satisfied at a point in time, at the completion of the event. The Association has determined that the transaction price is the price stated in the contract.

Advertising revenue is recorded when the services are completed. The performance obligation for the Association happens as printed publications are issued at various times during the year where the Association provides advertising space in these various publications. As such, the performance obligation is satisfied at a point in time, at the issuance of the publication. The Association has determined that the transaction price is the price stated in the contract.

Partnership Programs:

The Association participates in multiple partnership programs. The programs are defined by formal contracts with the customers. There are three separate performance obligations included in these contracts; providing various sponsorship services, revenue sharing, and providing referrals. Sponsorship services and revenue sharing are provided over the course of the contract period and are therefore recognized over time. Referral revenue is recognized at a point in time upon successful referral to the customer. The contract with the customer establishes the transaction price.

Contract Balances:

Receivables and contract balances from contracts with customers as of August 31, 2022, were as follows:

	Accounts Receivable	Contract Liabilities
Beginning of year	$ 827,593	$ 3,107,604
End of year	$ 2,964,046	$ 5,111,042

All accounts receivable noted above represent receivables from contracts with customers at August 31, 2022. The Association did not have any contract assets as of August 31, 2022 and 2021. Contract liabilities at September 1, 2020 consist of deferred revenue related to membership dues, annual conference, sponsorship, advertising and marketing/advocacy/PR for which the Association was not entitled to the revenue.

Note 1: Summary of Significant Accounting Policies (Continued)

In-Kind Donations

Donations of services are recorded if they create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. Donations are recorded as financial support at their estimated fair value at the date of donation or during the period in which the services are performed. For the year ended August 31, 2022, the Association received no miscellaneous services and materials. These services are also recorded as expenses in the consolidated financial statements. The donations of services have no impact on the change in net assets in the consolidated financial statements.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions for the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses include professional services, office expenses, information technology and salaries and benefit costs. For salary and benefits, with the exception of traditional support staff who serve multiple areas (e.g., executive team, operations, finance), each staff member is charged to the program or supporting service where they spend the most time. Similarly, office expenses, travel, marketing, and professional services are charged directly to the program the expense was incurred. Overhead costs such as occupancy, depreciation and amortization, information technology and some service fees, along with salary and benefit costs for the executive team and support staff, are charged to management and general, which supports all program services.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Association is subject to income taxes on its unrelated business income. The Association's income tax expense was $39,496 for the year ended August 31, 2022.

The Association has adopted the requirements for accounting for uncertain tax positions. The Association determined that it is not required to record a liability related to uncertain tax positions for the year ended August 31, 2022.

ACG Global (Europe) Limited is a for-profit corporation and they file tax returns in United Kingdom. This subsidiary's income tax returns are available for examination for the statutory period.

Foreign Currency Translation

The consolidated financial statements of foreign operations where the local currency is the functional currency are translated using exchange rates in effect at year-end for assets and liabilities and average exchange rates during the year for the results of operations. A foreign currency translation adjustment loss of $930 for August 31, 2022, is included in other on the consolidated statement of functional expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

Marketing and Advertising

Marketing and advertising costs are charged to operations when incurred. Advertising and promotion expense was $494,107 for the year ended August 31, 2022.

Liquidity

The Association's financial cash obligations due within one year of the consolidated statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	$ 7,683,078
Accounts receivable	2,964,046
Investments	3,054,641
Financial assets available to meet general expenditures within one year	$ 13,701,765

The Association has $13,701,765 of financial assets available within one year of the consolidated statement of financial position date consisting of cash, receivables, and short-term investments. To help manage liquidity needs, the Association maintains a line of credit that provides borrowings up to $4,000,000 (See Note 7). The Association's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Association is to maintain financial assets, which it could draw upon in the event of an unanticipated need.

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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for substantially all leases with lease terms in excess of 12 months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Association continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, will require the Association to present financial assets measured at amortized cost (including trade receivables and convertible notes) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. This accounting standard will be effective for financial statements issued for interim and annual periods beginning after December 15, 2022. The Association is evaluating what impact this new standard will have on its financial statements.

Subsequent Events

The Association has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through July 17, 2023, which is the date the financial statements were available to be issued.

Note 2: Description of Program Services

The following program services of the Association are included in the accompanying consolidated financial statements:

Membership and PERT - This program provides support to all Association membership marketing and development. Activities include campaign execution for membership acquisition, renewals/retention, and engagement. Efforts for special interest groups such as PERT (Private Equity Regulatory Task Force) are also attributed here.

Events - The InterGrowth annual conference is an educational and networking conference offered to members and nonmembers. The Association has expanded events to include Virtual Member Summits and additional regional events.

Media - Includes all content and publishing efforts such as, Middle Market Growth® magazine, Special Issue Publications, GrowthTV video channel, web site posts, email blasts, and social media content distribution. Middle Market Growth® is the official publication of the Association and is published six times a year. The magazine supports the Association's mission to drive middle market growth, providing readers with an interactive platform to access thought leadership, best practices, and insights derived from all segments of the Association's global membership. Content is submitted from members, chapters, and experts in the mergers and acquisitions industry. Weekly and daily editions are also produced and sent out by email.

Marketing/Advocacy/PR - Integrated marketing campaigns to promote membership benefits and services, educational offerings, and networking opportunities. Lobbying was eliminated in 2020. Advocacy in 2020 was limited to grassroots initiatives that supported chapters, and representing the voice for private capital markets related to the Paycheck Protection Plan (PPP).

Note 2: Description of Program Services (Continued)

Chapter Support - Chapter operations maintains the Association's AMS (association management system) and web site properties. Chapter operations serves as the customer service arm of the Association's membership and affiliated chapter partners. In addition, the Association provides payroll services through the use of a third-party service to select chapters which request assistance. The revenue and expense amounts related to this service are the actual expenses of the payroll processed on the chapters' behalf by the Association and are recorded net.

Partnership Programs - The lnsperity Affinity Endorsed Partner program commenced in 2015 whereby the Association and lnsperity work together to target portfolio companies referred to by the Association or its members to provide payroll, benefits, insurance, and a 401 K as a PEO service. Other partnership programs include revenue share and fees for service.

International - United Kingdom - Support to the chapter located internationally and Association members who do business internationally in the United Kingdom.

Note 3: Fair Value Measurements

In determining fair value, the Association uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. The measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Fair value for Level 1 mutual funds are measured by reference to quoted market transactions that are listed on a national market or exchange, and are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Fair value for Level 2 investments include certificates of deposit which are measured by significant observable inputs.

Note 3: Fair Value Measurements (Continued)

Fair values of assets and liabilities measured on a recurring basis at August 31, 2022 are as follows:

		Recurring Fair Value Measurements Using		
	Total Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and cash equivalents	$ 1,285,837	$ 1,285,837	$ -	$ -
Exchange traded funds	1,768,804	1,768,804	-	-
Total investments	$ 3,054,641	$ 3,054,641	$ -	$ -

Note 4: Investments

The composition of investments held by the Association at August 31, 2022, are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Investments:			
Cash and cash equivalents	$ 1,285,837	$ 1,285,837	$ -
Exchange traded funds	2,030,837	1,768,804	(262,033)
Total investments	$ 3,316,674	$ 3,054,641	$ (262,033)

Investment income is classified in the Statements of Activities and Changes in Net Assets and consists of the following:

Years Ended August 31,	2022
Dividends and interest income	$ 62,554
Unrealized gain on investments	(621,130)
Realized gain on investments	351,333
Total	$ (207,243)

Note 4: Investments (Continued)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Note 5: Convertible Notes

The Association purchased a convertible promissory note on July 28, 2020, in the amount of $250,000 and an additional note on November 30, 2020, in the amount of $50,000 of a company in which they are the lead investor. The maturity date of the combined note is July 27, 2023. Interest accrues at a rate of 5% per annum, based on a 360-day year and 12 30-day months. The principal balance and unpaid accrued interest on the note could convert to equity if a qualified or nonqualified financing conversion occurs as stated per the agreement. At the maturity date, if the note has not been converted or repaid, then, at the election of the Association the note shall become immediately due and payable, or shall convert into conversion shares of the company. The convertible note balance at August 31, 2022, was $331,007 including accrued interest.

Note 6: Goodwill and Purchased Intangible Assets

The Association's purchased intangible assets as of August 31, 2022 are as follows:

Year Ended August 31, 2022	**2022**
Goodwill	$ 4,481,732
Client contracts	337,631
Restricted covenant	91,667
Total	$ 4,911,030

Amortization expense was $224,560 for the year ended August 31, 2022.

Scheduled amortization expense for each of the next five years is as follows:

Year Ended August 31, 2022	
2023	$ 538,945
2024	538,945
2025	538,945
2026	538,945
2027	530,611
Thereafter	2,224,639
Total	$ 4,911,030

Note 7: Software and Website

Amortization expense for software and website was $163,625 for the year ended August 31, 2022.

Scheduled amortization expense for each of the next five years is as follows:

		2022
2023	$	310,820
2024		306,732
2025		265,591
2026		212,866
2027		75,865
Total	$	1,171,874

Note 8: Property, Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

As of August 31,		2022
Furniture and equipment	$	693,065
Leasehold improvements		617,363
Total		1,310,428
Less: Accumulated depreciation		1,144,910
Total equipment and leasehold improvements	$	165,518

Depreciation expense was $196,463 for the year ended August 31, 2022.

Note 9: Line of Credit

The Association maintains a $4,000,000 line of credit that bears interest at the Federal Funds Rate plus 2% (4.33% at August 31, 2022). The balance outstanding at August 31, 2022, was $2,857,688. The line of credit is due on March 8, 2024, and is collateralized by the Association's assets. The line of credit agreement contains certain financial covenants relating to the Association's financial position. Subsequent to August 31, 2022, the Association refinanced this and increased the open line of credit to $5,000,000.

Note 10: Notes Payable

The Association secured a $3,250,000 note payable with a financial institution to acquire GF Data Resources LLC. The note bears interest at the Federal Funds Rate plus 2.5% (4.73% at August 31, 2022) and requires monthly payments of principal of $54,167 and all accrued and unpaid interest with the final principal and interest due on March 8, 2027. Subsequent to August 31, 2022, the Association refinanced this note payable. The new note bears interest at the Federal Funds Rate plus 2.4% and will mature in September 2029.

As part of the purchase agreement for the acquisition of GF Data Resources LLC, the Association also entered into a $1,150,000 note payable with the seller. The note bears interest at 6% and requires principal payments of $100,000 and all accrued unpaid interest to be paid quarterly with the final principal and interest due on March 1, 2025.

Interest expense on the notes payable were $147,719 for the year ended August 31, 2022.

Required payments of principal on the notes payable at August 31, 2022, including current maturities, are summarized as follows:

2023	$ 850,000
2024	1,050,000
2025	1,200,000
2026	650,000
2027	379,167
Total	$ 4,129,167

Note 11: Refundable Advance Liability – Paycheck Protection Program

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, on February 24, 2021, the Association received a PPP loan in the principal amount of $1,041,071 from the US Small Business Administration (SBA). The PPP Loan was applied for and obtained for the Association and the benefit of certain chapters. The PPP loan has a stated interest rate of 1% per annum and requires equal monthly payments of principal commencing ten months after the covered period ends and matures in February 2029.

The Association received a second draw PPP loan on May 11, 2021, in the amount of $1,082,120. The PPP loan has a stated interest rate of 1% per annum and requires equal monthly payments of principal commencing 10 months after the covered period ends and matures in May 2029. The second draw was also applied for and obtained for the Association and the benefit of certain chapters.

Note 11: Refundable Advance Liability – Paycheck Protection Program (Continued)

Under the terms of the PPP, a PPP loan provides for conditional forgiveness if the Association utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels for a specified period of time. Although the Association believes the conditions for full forgiveness of the PPP loan will be met, ultimate forgiveness is conditioned upon the SBA concurring with the Association's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations and the loan proceeds were used for admissible expenses. If the Association is later determined to have violated the provisions of the PPP, the Association may be required to repay the PPP loan in its entirety and/or be subject to additional penalties.

The Association has elected to account for its PPP loans as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a deferred grant liability and subsequently recognized as revenue when the Association has substantially met all conditions for forgiveness. Both of the PPP loans were forgiven during the year ended August 31, 2022 and $307,737 was recognized as other income.

Note 12: Employee Retention Tax Credit

The Association filed for and received an employee retention tax credit related to 2020 allowable expenses. The Association views the ERTC as a grant by analogizing to guidance in IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*. Nonoperating revenue of $349,083 is included in nonoperating activities on the consolidated statement of activities and change in net assets for the year ended August 31, 2022, to match the timing of when the credit was claimed.

Note 13: Retirement Plan

The Association participates in a safe harbor defined contribution 401(k) plan that covers all full-time and part-time employees. The Association matches employee contributions up to 6% of salary subject to Internal Revenue Service limitations. The Association's match contributions vest 100% immediately and total $332,408 for the year ended August 31, 2022.

Note 14: Deferred Compensation

The Association has adopted deferred compensation plans in accordance with provisions of Section 457(f) of the Internal Revenue Code which provide for payments after completion of the contract term including renewals, retirement, disability or death for a select group of its management. The Association, in its discretion, may make nonelective contributions to the 457(f) plan on behalf of its participants.

The Association started a new 457(f) plan during the year ended August 31, 2021. The plan has a cliff vesting schedule ranging from four to five years; therefore, no amounts have been paid to participants or set aside as investments held for deferred compensation plan as of or for the year ended August 31, 2022.

Note 15: Lease Commitments

The Association entered into a lease agreement to lease office space under an operating lease beginning on September 1, 2012, and expiring on August 31, 2023. Under the Association's lease for office space, the Association is also liable for its proportionate share of real estate taxes, assessments, and other operating costs. As part of this lease agreement, the Association has a $50,000 letter of credit in lieu of security deposit, in favor of the landlord.

The above operating lease contains provisions for lease incentives, rent abatement, and escalating rent throughout the lease term. In accordance with accounting principles generally accepted in the United States of America, the Association records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between the rent expense recorded and the amount paid is charged to the deferred rent obligation on the consolidated statement of financial position.

The Association also entered into leasing agreements for two office spaces in Chicago and New York City. These leases were renewed through June 30, 2023. Monthly rental payments of $7,760 are required for the Chicago lease and $7,000 for the New York City lease.

Future minimum lease payments under these leases are as follows:

Year Ending August 31,	Amount
2023	$ 365,126

Rent expense for these leases was $154,445 for the year ended August 31, 2022.

The Association entered into a sublease agreement for the above original office space commencing on August 1, 2021, and expiring August 31, 2023. The sublease requires monthly payments ranging from $14,163 through $15,512 over the life of the sublease. As part of the lease agreement, the Association received a security deposit of $31,023, which is included in on the consolidated statement of financial position.

Future minimum lease payments to be received under this sublease are as follows:

Year Ending August 31,	Amount
2023	$ 178,721

Note 16: Commitments and Contingencies

Annual Conference

The Association contracts with various hotels and convention centers in advance for its annual conference. Currently, the Association has annual commitments for 2022, 2023, and 2024. The Association would be obligated for certain charges in the event a cancellation occurred. The amount of charges would vary depending on the date of the cancellation and the terms of the contract.

Note 17: Related Party Transactions

The Association enters into various transactions with independent chapters and acts as a pass-through entity for membership dues and event fees to its U.S. and Canadian chapters. The Association also enters into various transactions with business entities related to members of its board of directors.

Transactions with the related parties are as follows:

	Revenues (Expenses)	Receivables (Payables)
Chapters:		
Dues remittances	$ -	$ (221,289)
Events remittances	-	(902,654)
Total chapters	$ -	$ (1,123,943)
Officers, directors, and related entities:		
Sponsorship revenues	$ 93,500	$ -
Total officers, directors, and related entities	$ 93,500	$ -

The Association acts as an agent for certain activities with some of its chapters whereby it collects monies for membership dues, chapter event registration fees, and sponsorship payments on their behalf. The Association remitted monies to its chapters for their share of membership dues of $2,531,369 for the year ended August 31, 2022. In addition, the Association remitted chapter event registration fees and sponsorship payments to its chapters of $6,930,137 for the year ended August 31, 2022. These amounts are not reflected in the Association's consolidated statement of activities and change in net assets.

Chapter expense reimbursement consists mainly of reimbursement of salary/payroll expenses paid on behalf of the chapters by the Association. These salary/payroll expenses are reimbursed by the chapters monthly. These amounts are not reflected in the Association's consolidated statement of functional expenses as payroll as they are recorded net.

Note 18: Acquisition of Chapters

As stated in Note 1, the Association acquired the assets, liabilities and operations of seven independent ACG chapters including ACG Charlotte, Inc.; ACG Maryland, Inc.; ACG National Capital, Inc.; ACG New York, Inc.; ACG San Francisco, Inc.; ACG Denver, Inc.; and ACG New Jersey, Inc. (the "Chapters"). The operations of the acquired chapters have continued as part of the Association which operates as One ACG. The Association did not transfer any consideration as part of the acquisitions and recognized underlying assets and liabilities acquired at fair value resulting in contributions from chapter acquisitions of $2,852,841 being recognized as nonoperating activities in the statement of activities and change in net assets.

Assets and liabilities acquired and related contribution recognized for the year ended August 31, 2022, are as follows:

	Charlotte	Maryland	National Capital	New York
Cash and cash equivalents	$ 149,823	$ 172,243	$ 585,691	$ 1,454,792
Accounts receivable	-	1,250	9,990	79,752
Due from related party	-	-	-	-
Prepaid expenses	19,793	11,092	5,493	46,919
Property and equipment - Net	-	-	-	-
Accounts payable	-	(8,649)	(14,097)	-
Accrued liabilities	(21,801)	(1,480)	(565)	(43,645)
Due to related party	-	-	-	(23,424)
Deferred revenue	(56,513)	(23,877)	(102,917)	(253,751)
Net assets acquired	$ 91,302	$ 150,579	$ 483,595	$ 1,260,643

	San Francisco	Denver	New Jersey	Total
Cash and cash equivalents	$ 279,527	$ 600,233	$ 88,847	$ 3,331,156
Accounts receivable	3,229	112,610	33,075	239,906
Prepaid expenses	368	93,716	5,174	182,555
Property and equipment - Net	-	-	-	-
Accounts payable	(1,459)	(22,290)	-	(46,495)
Accrued liabilities	(2,027)	(16,061)	-	(85,579)
Due to related party	-	-	-	(23,424)
Deferred revenue	(8,817)	(259,753)	(39,650)	(745,278)
Net assets acquired	$ 270,821	$ 508,455	$ 87,446	$ 2,852,841

Note 19: Business Acquisition

On March 8, 2022, the Association acquired the assets and business of GF Data Resources LLC. The acquisition was accounted for using the purchase method of accounting. The primary business of GF Data Resources LLC was providing reports and analysis on pricing and acquisition data for lower mid-market transactions on a subscription basis.

Fair Value of consideration transferred	
Cash	$ 3,250,000
Issuance of promissory note	1,150,000
Total fair value of consideration transferred	4,400,000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash	75,000
Client contracts	359,000
Restricted covenant	100,000
Deferred revenue	(810,590)
Total identifiable net assets	(276,590)
Goodwill	$ 4,676,590

In connection with this acquisition, the Association incurred third party costs of $70,000, which related primarily to professional services as a direct result of the acquisition.

Note 20: Subsequent Events

The Association entered into an agreement to acquire ACG Silicon Valley, Inc. (formerly, the Silicon Valley Chapter), with an effective date of October 1, 2022. Once acquired, the chapter was subsequently dissolved. The total net assets acquired under these acquisitions is approximately ($10,000).