

**ASSOCIATION FOR CORPORATE GROWTH, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED AUGUST 31, 2019 AND 2018



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Association for Corporate Growth, Inc. and Subsidiaries (the Association), which comprise the consolidated statements of financial position as of August 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, the consolidated statement of functional expenses for the year ended August 31, 2019, 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.

Opinion

In our opinion, the 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2019, the Association adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this 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 consolidating schedule of financial position and consolidating schedule of activities (the supplementary information) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and 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 audits 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 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

Oak Brook, Illinois
December 3, 2019

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,244,818	\$ 2,700,231
Accounts Receivable	140,844	277,118
Due from Chapters	178,240	130,706
Interest Receivable	5,211	4,271
Prepaid Expenses and Other Current Assets	<u>532,903</u>	<u>599,534</u>
Total Current Assets	4,102,016	3,711,860
 NONCURRENT ASSETS		
Investments	2,902,496	3,037,227
Investments Held for Deferred Compensation Plan	<u>651,540</u>	<u>552,146</u>
Total Noncurrent Assets	3,554,036	3,589,373
 EQUIPMENT AND LEASEHOLD IMPROVEMENTS, Net		
of Accumulated Depreciation of \$1,332,903 and \$980,976 for the Years Ended August 31, 2019 and 2018, Respectively	<u>600,916</u>	<u>973,406</u>
Total Assets	<u><u>\$ 8,256,968</u></u>	<u><u>\$ 8,274,639</u></u>

See accompanying Notes to Consolidated Financial Statements.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AUGUST 31, 2019 AND 2018

LIABILITIES AND NET ASSETS	<u>2019</u>	<u>2018</u>
LIABILITIES		
Accounts Payable	\$ 643,284	\$ 319,011
Accrued Expenses and Other Liabilities	1,070,794	920,860
Due to Chapters	1,137,221	1,081,312
Deferred Rent Obligation	373,699	452,188
Deferred Revenues:		
Membership Dues	1,622,028	1,602,085
Annual Conference	99,000	28,647
Sponsorship	197,002	248,845
Advertising	100,465	123,112
Strategic Acquirer Summit	66,750	-
Public Policy/Advocacy/Lobbying/PAC	28,373	87,292
Total Liabilities	<u>5,338,616</u>	<u>4,863,352</u>
NET ASSETS		
Without Restrictions - Undesignated	(56,648)	514,287
Without Restrictions - Designated by the Board	2,975,000	2,897,000
Total Net Assets	<u>2,918,352</u>	<u>3,411,287</u>
 Total Liabilities and Net Assets	 <u>\$ 8,256,968</u>	 <u>\$ 8,274,639</u>

See accompanying Notes to Consolidated Financial Statements.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
REVENUES, GAINS, AND OTHER SUPPORT		
Annual Conference	\$ 4,465,585	\$ 4,727,997
Membership Dues	2,735,250	2,693,005
Publications/Royalty	128,000	384,000
MMG Publication	602,511	489,056
Sponsorship	236,021	218,537
Payroll Services - Chapters	2,986,446	2,273,588
Affinity Programs	297,410	186,696
Public Policy/Advocacy/Lobbying/PAC	133,169	200,936
Other Program Revenues	205,147	84,340
Net Investment Income	125,369	175,757
Other Revenues	-	73,204
Total Revenues, Gains, and Other Support	11,914,908	11,507,116
OPERATING EXPENSES		
Program Services:		
Annual Conference	2,673,278	2,808,788
Membership and Chapters	1,180,423	1,092,527
Website	379,293	403,010
Association Management System	135,880	159,915
Marketing	90,505	88,141
International:		
China	13,528	11,935
United Kingdom	95,343	37,606
Continental Europe	56,281	30,515
Publications/Royalty	26,756	84,235
MMG Publication	772,446	818,850
Sponsorship	285,169	265,742
Payroll Services - Chapters	2,986,445	2,273,588
Public Policy/Advocacy/Lobbying/PAC	685,206	867,134
Other Programs	338,487	218,023
Total Program Services	9,719,040	9,160,009
Supporting Services:		
Management and General	1,840,565	1,665,352
Board of Directors and Governance	848,237	715,554
Total Supporting Services	2,688,803	2,380,906
Total Operating Expenses	12,407,843	11,540,915
CHANGE IN NET ASSETS	(492,935)	(33,799)
Net Assets - Beginning of Year	3,411,287	3,445,086
NET ASSETS - END OF YEAR	\$ 2,918,352	\$ 3,411,287

See accompanying Notes to Consolidated Financial Statements.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services										
	Annual Conferences	Membership and Chapters	Association Management System			International				Publications/Royalty	MMG Publication
			Website	Marketing	China	UK	Continental Europe				
	\$ 480,644	\$ 549,945	\$ 9,240	\$ 11,289	\$ -	\$ 1,538	\$ 135,463	\$ 33,351	\$ -	\$ 1,721	\$ 330,485
Salaries	-	-	-	-	-	-	-	-	-	-	-
Pension Plan	3,067	-	-	-	-	-	165	-	-	-	3,769
Benefits	97,564	41,409	-	1,165	12,226	-	48,444	-	-	-	16,877
Professional Fees - Management	-	11,510	-	-	-	4,447	-	-	-	-	-
Professional Fees - Legal	1,635	6,541	1,635	1,635	1,635	5,671	9,230	1,635	-	-	1,635
Professional Fees - Accounting	-	-	-	-	-	-	-	-	-	-	-
Professional Fees - Lobbying	7,508	-	-	14,794	-	-	-	-	-	-	-
Professional Fees - Other	14,020	-	-	-	-	-	858	-	-	-	89,406
Advertising	23,077	41,003	1,434	1,434	3,475	1,803	6,469	2,213	-	35	47,182
Office Expenses	2,642	84,901	105,725	104,920	-	-	(304)	-	-	-	142,813
Information Technology	53,142	53,142	-	-	39,857	-	-	-	-	-	3,720
Occupancy	105,340	46,947	-	-	8,458	-	44,697	15,110	-	-	39,857
Travel	-	-	-	-	-	-	-	-	-	-	5,442
Conferences, Conventions, and Meetings	1,736,973	100,974	-	-	2,488	-	2,974	3,900	-	-	510
Payments to Affiliates	-	2,042	-	-	-	-	(138,985)	-	-	-	-
Depreciation, Depletion, and Amortization	16,292	30,189	261,190	-	11,077	-	-	-	-	-	12,589
Insurance	18,891	26,168	-	-	290	-	-	-	-	-	290
Other - General	6,722	37,820	-	-	2,533	-	(16,065)	3	-	-	3,161
Other - Bank and Credit Card Fees	87,689	140,023	70	70	70	70	1,098	70	-	-	(184)
Other - Dues and Subscription	2,190	1,735	-	-	8,238	-	-	-	-	-	1,805
Other - Taxes	1,476	60	-	574	-	-	-	-	-	-	56,569
Other - Training	819	6,015	-	-	159	-	-	-	-	-	20
Other - In-Kind	13,587	-	-	-	-	-	-	-	-	25,000	16,500
Total Functional Expenses	\$ 2,673,278	\$ 1,180,423	\$ 379,293	\$ 135,880	\$ 90,505	\$ 13,528	\$ 95,343	\$ 56,281	\$ -	\$ 26,756	\$ 772,446

See accompanying Notes to Consolidated Financial Statements.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED AUGUST 31, 2019

	Program Services (Continued)				Supporting Services			Total
	Sponsorship	Payroll Services - Chapters	Public Policy/ Advocacy/ Lobbying	Lobbying	Total Programs	Management and General	Board and Governance	
FUNCTIONAL EXPENSES								
Salaries	\$ 194,230	\$ -	\$ 344,994	\$ 100,789	\$ 2,193,689	\$ 884,501	\$ 300,949	\$ 1,185,449
Pension Plan	-	-	-	-	-	131,612	-	131,612
Benefits	277	-	137	-	7,416	515,112	-	515,112
Professional Fees - Management	6,621	-	98,869	7,581	330,755	10,278	2,028	12,305
Professional Fees - Legal	-	-	-	-	15,957	31,578	8,514	40,093
Professional Fees - Accounting	1,635	-	6,541	6,541	45,969	1,635	1,635	56,049
Professional Fees - Lobbying	-	-	100,973	-	100,973	-	-	49,239
Professional Fees - Other	3,000	-	-	-	115,566	-	-	100,973
Advertising	-	-	-	-	62,500	-	-	115,566
Office Expenses	6,062	-	14,085	8,173	252,075	28,745	4,996	62,500
Information Technology	-	-	1,604	4,258	307,467	392	6,935	285,816
Occupancy	26,571	-	32,150	-	244,718	66,428	13,286	314,794
Travel	14,661	-	38,951	21,841	301,446	8,387	63,636	324,431
Conferences, Conventions, and Meetings	4,244	-	26,671	4,480	1,883,213	20,245	135,833	2,039,291
Payments to Affiliates	-	2,986,445	-	-	2,849,502	-	-	2,849,502
Depreciation, Depletion, and Amortization	7,554	-	1,809	-	340,699	50,105	3,543	394,347
Insurance	193	-	-	-	45,832	7,150	20,966	73,948
Other - General	3,173	-	100	-	37,448	74,758	272,317	384,522
Other - Bank and Credit Card Fees	350	-	749	489	230,561	3,448	70	234,079
Other - Dues and Subscription	1,549	-	17,574	-	33,091	5,918	6,600	45,609
Other - Taxes	-	-	-	40,336	99,015	-	-	99,015
Other - Training	48	-	-	-	7,061	275	6,932	14,268
Other - In-Kind	15,000	-	-	144,000	214,087	-	-	214,087
Total Functional Expenses	\$ 285,169	\$ 2,986,445	\$ 685,206	\$ 338,487	\$ 9,719,041	\$ 1,840,565	\$ 848,237	\$ 2,688,802
								\$ 12,407,843

See accompanying Notes to Consolidated Financial Statements.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (492,935)	\$ (33,799)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	394,348	377,469
Net Realized and Unrealized Gain on Investments	(31,844)	(58,507)
Net Realized and Unrealized Gain on Investments Held for Deferred Compensation Plan	(14,949)	(77,513)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	136,274	(157,583)
Due from Chapters	(47,534)	27,592
Income Taxes Receivable	-	2,267
Interest Receivable	(940)	(1,404)
Prepaid Expenses and Other Current Assets	66,631	(279,423)
Accounts Payable	324,273	80,298
Accrued Expenses and Other Liabilities	149,934	216,953
Due to Chapters	55,909	21,716
Deferred Rent Obligation	(78,489)	(72,860)
Deferred Revenues:		
Membership Dues	19,943	23,141
Annual Conference	70,353	(4,544)
Sponsorship	(51,843)	71,874
Advertising	(22,647)	(14,018)
Strategic Acquirer Summit	66,750	
Public Policy/Advocacy/Lobbying/PAC	(58,919)	14,999
Net Cash Provided by Operating Activities	484,315	136,658
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment and Leasehold Improvements	(21,858)	(125,380)
Purchase of Investments	(720,344)	(1,648,183)
Proceeds from Sale of Investments	802,474	1,231,930
Net Cash Provided (Used) by Investing Activities	60,272	(541,633)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	544,587	(404,975)
Cash and Cash Equivalents - Beginning of Year	2,700,231	3,105,206
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,244,818	\$ 2,700,231

See accompanying Notes to Consolidated Financial Statements.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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 45 chapters in the United States of America, four 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 (WFOE) 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. The Association has decided to liquidate ACG (Tianjin) Advisors Co., Ltd., and expects the liquidation to be completed in fiscal year 2020.

The Association does not include the activity and accounts of the chapters of the Association that are organized and operate as separate entities; except for the chapter in China, which is a subsidiary of ACG China Limited, and 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 China and 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.

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. Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in Preparing Consolidated Financial Statements

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.

Method of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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, 2019 and 2018, 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, which was determined to be \$-0- at August 31, 2019 and 2018.

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.

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.

Equipment and Leasehold Improvements

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the following estimated useful lives:

Furniture and Equipment	3 to 11 Years
Software and Website	3 Years
Leasehold Improvements	11 Years

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.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to Chapters

The Association bills and collects membership dues for all members except for members of Continental Europe and Hong Kong chapters. The Association also collects event registration fees and sponsorships for certain chapters. The amounts collected are remitted to the chapters on a monthly basis.

Net Assets

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

Net Assets Without Restrictions – Net assets available for use in general operations and not subject to restrictions.

Net Assets With 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 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 or which the resource was restricted has been fulfilled, or both.

Revenue Recognition, Deferred Revenue, and Membership

The Association records dues as revenue during the applicable membership period (12 months). Membership dues charged to members varies by chapter. The Association retains \$195 of each member's annual membership dues and remits the balance to the chapter affiliated with the member. Chapters in continental Europe collect their own membership dues locally and the Association receives €55 annually for each member from each chapter. The Association invoices chapters in continental Europe on a calendar year basis. The Association retains all the annual \$300 membership dues paid by members-at-large. Membership billings are for a one-year period based on each member's anniversary date.

Revenues from annual conference and sponsorships are recognized when the event takes place or the service is provided.

Effective January 1, 2013, the Association granted limited licenses to SourceMedia, Inc. for the use of the Association's trademarks and membership mailing lists to facilitate the distribution of "Mergers & Acquisitions" magazine to all members of the Association. This agreement expired on December 31, 2018 and was not renewed.

Amounts collected in advance of events or services provided are reflected as deferred revenues.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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 years ended August 31, 2019 and 2018, the Association received \$214,537 and \$208,516, respectively, for miscellaneous services and materials. These services were 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 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 occupancy, depreciation and amortization, professional services, office expenses, information technology and salaries and benefit costs. Salary and benefits is allocated based on staff time spent on program activities. Depreciation and occupancy are allocated based on headcount. Certain office expenses and professional services fees are allocated equally to all active departments.

Income Taxes

The Association is exempt from federal and state 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 \$98,381 and \$32,500 for the years ended August 31, 2019 and 2018, respectively.

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 years ended August 31, 2019 and 2018.

ACG China Limited, ACG (Tianjin) Advisors Co., Ltd., and ACG Global (Europe) Limited are for-profit corporations and they file tax returns in Hong Kong, China, and United Kingdom, respectively. These subsidiaries' 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.

Foreign currency translation adjustments loss of \$85,589 and \$31,660 for August 31, 2019 and 2018, respectively, are included in management and general expenses within the consolidated statements of activities.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

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

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 3,244,818	\$ 2,700,231
Accounts Receivable and Other Assets	319,084	407,824
Short-Term Investments	<u>1,242,342</u>	<u>1,443,280</u>
Total	4,806,244	4,551,335
Less: Collateralized Certificate of Deposit	<u>50,000</u>	<u>50,000</u>
Total Financial Assets Available to Meet Cash		
Needs for General Expenditure within One Year	<u>\$ 4,756,244</u>	<u>\$ 4,501,335</u>

The Association has \$4,756,244 of financial assets available within one year of the consolidated statements of financial position date consisting of cash, receivables, and short-term investments. None of the financial assets are subject to restrictions that make them unavailable for general expenditures within one year of the consolidated statements of financial position date. Accounts receivables are expected to be collected within one year. 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.

Adoption of New Accounting Standard

In 2018, the Association adopted Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes to the consolidated financial statements about a nonprofit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without restrictions, liquidity, and expenses by both their natural and functional classifications. The ASU has been applied retrospectively to all periods presented which resulted in no change to the previously reported net assets.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued amended guidance to clarify the principles for recognizing revenue from contracts. The guidance requires the Association to recognize revenue to depict the transfer of goods or services in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts. Additionally, qualitative and quantitative disclosures are required regarding contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Association for the year ending June 30, 2020.

Clarifying Scope and the Accounting Guidance for Contributions

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in subtopic 958-605, *Not-for-Profit Entities Revenue Recognition with Customers*, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is restricted for a limited purpose or timing. The guidance should be applied on a modified retrospective basis. As a resource recipient, the guidance will be effective for the Association for the year ending June 30, 2020.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Association's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2020. Early adoption is permitted.

Reclassifications

Certain reclassifications have been made to the August 31, 2018 consolidated financial statement amounts in order to conform to the August 31, 2019 presentation. These reclassifications have had no impact on the total assets, net assets, or changes in net assets previously reported.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 DESCRIPTION OF PROGRAM SERVICES

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

Annual Conference – The InterGrowth annual conference is an educational and networking conference offered to members and nonmembers.

Membership and Chapters – This program provides support to all Association chapters and their respective members such as local chapter programs and the Association's daily, weekly, and monthly e-newsletters.

Website – Develop and maintain a website which provides relevant content for all members and the membership directory. The website features ACG CapitalLink®, which is a database that provides information on a broad range of transaction-related firms, allowing members to search, sort, and filter data. The database is provided by a preferred vendor of the Association and members have the opportunity to subscribe at a discount directly with the preferred vendor for more detailed information and analyses.

Association Management System – The Association uses an Association Management System (AMS) or membership database system to support all of the Association's membership information and event management needs.

Marketing – Integrated marketing campaigns to promote membership benefits and services, educational offerings, and networking opportunities.

International – Support to chapters located internationally and Association members who do business internationally in China, Continental Europe, and United Kingdom. The EuroGrowth annual conference was held in June 2019 in London, England.

Affinity Programs – The Insperity Affinity Program commenced in 2015 whereby the Association and Insperity work together to target portfolio companies referred to by the Association or its members to provide payroll, benefits, insurance, and a 401K as a PEO service.

Publications/Royalty – A member benefit whereby all members received the monthly magazine, Mergers & Acquisitions, published in partnership with SourceMedia, Inc. The magazine was also available to nonmembers on a subscription basis. The partnership with SourceMedia, Inc. expired on December 31, 2018 and was not renewed.

MMG Publication – 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.

Sponsorship – Provides companies with multiple ways to increase their visibility among the Association's members and chapters worldwide.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 DESCRIPTION OF PROGRAM SERVICES (CONTINUED)

Payroll Services - Chapters – 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.

Public Policy/Advocacy/Lobbying/PAC – The Association fulfills its mandate to support policymakers in crafting legislation and regulatory policies that positively impact the middle market and the Association's members. The Association promotes public policies that foster and incentivize private capital formation and investment in middle-market companies. The Association is a registered lobbyist and has an office in Washington, D.C. In May 2016, the Association established a Federal Political Action Committee and registered with the Federal Election Commission (FEC). Qualified, paid members of the Association who are citizens or legal residents of the United States can make personal contributions in accordance with the FEC rules and guidelines. GrowthEconomy.org is a dynamic research database that matches data from two independent sources to track a key driver of the U.S. economy: how private equity-backed companies compare to other U.S. businesses on jobs and sales growth.

Other Programs – Includes various components and primarily consists of: 1) ACG Cup is a chapter competition based on merger and acquisition case studies provided to college and university students to educate future business leaders; and 2) ACG JobSource is a career and job website to assist employers to connect with job candidates. The website also allows member and nonmember companies to find suitable candidates for mergers and acquisitions positions being recruited.

NOTE 3 FAIR VALUE MEASUREMENT

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.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis at August 31, 2019 and 2018 are as follows:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<u>August 31, 2019</u>				
Investments:				
Certificates of Deposit	\$ 1,242,342	\$ -	\$ 1,242,342	\$ -
Mutual Funds:				
Short-Term Bond	438,146	438,146	-	-
Governmental	167,566	167,566	-	-
World Blend	227,067	227,067	-	-
Large Blend	827,375	827,375	-	-
Total Mutual Funds	1,660,154	1,660,154	-	-
Total Investments	2,902,496	1,660,154	1,242,342	-
Investments Held for Deferred Compensation Plan:				
Mutual Funds:				
Large Blend	430,658	430,658	-	-
High Yield Bond	13,360	13,360	-	-
Large Growth	164,393	164,393	-	-
Mid Cap Value	45	45	-	-
Large Value	13,995	13,995	-	-
Intermediate Term Bond	29,089	29,089	-	-
Total Investments Held for Deferred Compensation Plan	651,540	651,540	-	-
Total Assets	\$ 3,554,036	\$ 2,311,694	\$ 1,242,342	\$ -
Deferred Compensation Plan Liability	\$ 644,790	\$ 644,790	\$ -	\$ -

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value for Level 1 investments held for deferred compensation plan and deferred compensation plan liability 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.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<u>August 31, 2018</u>				
Investments:				
Certificates of Deposit	\$ 1,443,280	\$ -	\$ 1,443,280	\$ -
Mutual Funds:				
Short-Term Bond	419,913	419,913	-	-
Governmental	156,996	156,996	-	-
World Blend	212,690	212,690	-	-
Large Blend	804,348	804,348	-	-
Total Mutual Funds	<u>1,593,947</u>	<u>1,593,947</u>	<u>-</u>	<u>-</u>
Total Investments	<u>3,037,227</u>	<u>1,593,947</u>	<u>1,443,280</u>	<u>-</u>
Investments Held for Deferred Compensation Plan:				
Mutual Funds:				
Large Blend	368,068	368,068	-	-
High Yield Bond	11,073	11,073	-	-
Large Growth	140,203	140,203	-	-
Mid Cap Value	28	28	-	-
Large Value	13,199	13,199	-	-
Intermediate Term Bond	19,575	19,575	-	-
Total Investments Held for Deferred Compensation Plan	<u>552,146</u>	<u>552,146</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,589,373</u>	<u>\$ 2,146,093</u>	<u>\$ 1,443,280</u>	<u>\$ -</u>
Deferred Compensation Plan Liability	<u>\$ 606,909</u>	<u>\$ 606,909</u>	<u>\$ -</u>	<u>\$ -</u>

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 4 INVESTMENTS

Investments consisting of certificates of deposit and mutual funds are classified as Long-Term Investments in the consolidated statements of financial position.

Investments held for deferred compensation plan consisting of mutual funds are classified as Long-Term Investments in the consolidated statements of financial position.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. All certificates of deposit are covered by FDIC at the year ended August 31, 2019.

The composition of investments held by the Association at August 31, 2019 and 2018 are summarized below:

<u>August 31, 2019</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificates of Deposit	\$ 1,238,000	\$ 1,242,342	\$ 4,342
Mutual Funds:			
Short-Term Bond	441,160	438,146	(3,014)
Governmental	173,523	167,566	(5,957)
World Blend	221,190	227,067	5,877
Large Blend	1,143,002	1,258,033	115,031
Large Growth	162,871	164,393	1,522
Large Value	14,266	13,995	(271)
Mid Cap Value	10	45	35
High Yield Bond	13,266	13,360	94
Intermediate Term Bond	28,379	29,089	710
Total Mutual Funds	<u>2,197,666</u>	<u>2,311,694</u>	<u>114,028</u>
Total	<u>\$ 3,435,666</u>	<u>\$ 3,554,036</u>	<u>\$ 118,370</u>
<u>August 31, 2018</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificates of Deposit	\$ 1,450,000	\$ 1,443,280	\$ (6,720)
Mutual Funds:			
Short-Term Bond	429,475	419,913	(9,562)
Governmental	167,372	156,996	(10,376)
World Blend	210,808	212,690	1,882
Large Blend	1,047,290	1,172,416	125,126
Large Growth	124,104	140,203	16,099
Large Value	11,209	13,199	1,990
Mid Cap Value	10	28	18
High Yield Bond	10,863	11,073	210
Intermediate Term Bond	20,507	19,575	(932)
Total Mutual Funds	<u>2,021,638</u>	<u>2,146,093</u>	<u>124,455</u>
Total	<u>\$ 3,471,638</u>	<u>\$ 3,589,373</u>	<u>\$ 117,735</u>

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 4 INVESTMENTS (CONTINUED)

The Association's investment securities consist of seven certificates of deposit with amounts ranging from \$18,166 to \$249,688 and 13 mutual funds ranging from \$9 to \$336,349 as of August 31, 2019. The Association's investment securities consist of seven certificates of deposit with amounts ranging from \$12,972 to \$247,637 and 14 mutual funds ranging from \$28 to \$336,349 as of August 31, 2018.

The unrealized losses on the Association's investments (certificates of deposit) were caused primarily by effective interest rates below the current market rate of similar investments. The Association has evaluated the near term prospects of the issuers in relation to the severity and duration of the impairment. Based on that evaluation and the Association's intent and ability to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Association does not consider these investments to be other-than-temporarily impaired at August 31, 2019 and 2018.

NOTE 5 EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following:

	2019	2018
Furniture and Equipment	\$ 494,058	\$ 517,568
Software and Website	867,328	864,381
Leasehold Improvements	572,433	572,433
Total, at Cost	1,933,819	1,954,382
Less: Accumulated Depreciation	1,332,903	980,976
Total Equipment and Leasehold Improvements	<u>\$ 600,916</u>	<u>\$ 973,406</u>

Depreciation expense was \$394,348 and \$377,469 for the years ended August 31, 2019 and 2018, respectively.

NOTE 6 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 totaled \$131,612 and \$111,689 for the years ended August 31, 2019 and 2018, respectively.

ASSOCIATION FOR CORPORATE GROWTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 7 DEFERRED COMPENSATION PLAN

During the year ended August 31, 2013, the Association established Sections 457(b) and 457(f) deferred compensation plans which cover selected employees. The Association, in its discretion, may make nonelective contributions to the 457(f) plan on behalf of its plan participants. The Association awarded \$75,156 and \$129,762 to the 457(f) plan for the years ended August 31, 2019 and 2018, respectively. The deferred compensation plan liability totaled \$707,945 and \$606,909 for the years ended August 31, 2019 and 2018, respectively, which is included in Accrued Expenses and Other Liabilities within the consolidated statements of financial position. The deferred compensation plan was partially funded during the year ended August 31, 2014. The value of the plan assets was \$651,540 and \$552,146 for the years ended August 31, 2019 and 2018, respectively, which is included in the consolidated statements of financial position as Investments Held for Deferred Compensation Plan.

NOTE 8 NET ASSETS

Net assets consist of net assets without restrictions – undesignated and net assets without restrictions – designated by the board. As of August 31, 2019, net assets without restrictions – designated by the board consist of \$2,975,000 designated for operating reserves. As of August 31, 2018, net assets without restrictions – designated by the board consist of \$2,897,000 designated for operating reserves. The governing board-designated reserves are to be used in an unforeseen downturn in all revenue generating programs or financial distress.

NOTE 9 CASH FLOW DISCLOSURES

Cash paid for interest during 2019 and 2018 was \$-0-. Cash paid for income taxes during 2019 and 2018 was \$40,000 and \$30,000, respectively.

There were no noncash investing and financing transactions for the years ended August 31, 2019 and 2018.

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