PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.

Financial Statements

Years Ended December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

Kahn, Litwin, Renza & Co., Ltd.
Boston • Newport • Providence • Waltham

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KLR

Certified Public Accountants and Business Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Publishers International Linking Association, Inc.:

Opinion

We have audited the accompanying financial statements of Publishers International Linking Association, Inc. (a nonprofit organization) (the Association), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Publishers International Linking Association, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Association'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

Kahn, Litwin, Renza & Co., Ltd.

July 13, 2023

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

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	2022	2021
Assets		
Current Assets:		
Cash	$ 7,572,075	$ 9,847,045
Restricted cash	68,323	35,532
Accounts and grants receivable, net	4,419,023	3,713,652
Note receivable, including accrued interest	378,375	-
Prepaid expenses	386,850	410,962
Total current assets	**12,824,646**	**14,007,191**
Property and equipment, net	11,136	77,729
Other Assets:		
Right-of-use asset - operating lease, net	157,048	-
Investments, at fair value	6,246,475	1,970,148
Security deposits	22,386	12,640
Note receivable, including accrued interest	-	370,125
Total other assets	**6,425,909**	**2,352,913**
Total Assets	**$ 19,261,691**	**$ 16,437,833**
Liabilities and Net Assets		
Current Liabilities:		
Current portion of operating lease payable	$ 41,210	$ -
Accounts payable and accrued expenses	2,494,977	1,941,644
Deferred revenue	137,250	150,593
Total current liabilities	**2,673,437**	**2,092,237**
Operating Lease Payable, less current portion	114,371	-
Total liabilities	**2,787,808**	**2,092,237**
Net Assets:		
Without donor restrictions:		
Undesignated	10,159,085	12,316,573
Board designated, long-term needs	6,246,475	1,970,148
Total without donor restrictions	**16,405,560**	**14,286,721**
With donor restrictions:		
Purpose restrictions	68,323	58,875
Total with donor restrictions	**68,323**	**58,875**
Total net assets	**16,473,883**	**14,345,596**
Total Liabilities and Net Assets	**$ 19,261,691**	**$ 16,437,833**

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PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022	2021
Change in Net Assets without Donor Restrictions:		
Revenue and support:		
Content registration fees	$ 6,443,126	$ 6,419,693
Membership and subscriber fees	4,267,064	4,013,717
Document check fees	785,795	693,006
Grant revenue	136,726	95,447
Investment income (loss)	(348,507)	71,203
Net assets released from restrictions	23,996	121,156
Total revenue and support	**11,308,200**	**11,414,222**
Expenses:		
Program expenses	7,125,713	6,611,956
General and administrative expenses	2,022,426	1,883,202
Total expenses	**9,148,139**	**8,495,158**
Change in net assets from operations	**2,160,061**	**2,919,064**
Other expenses:		
Foreign currency exchange loss, net	(32,120)	(12,643)
Loss on disposal of property and equipment	(9,102)	-
Total other expenses	**(41,222)**	**(12,643)**
Change in net assets without donor restrictions	**2,118,839**	**2,906,421**
Change in Net Assets with Donor Restrictions:		
Contributions	33,444	76,000
Net assets released from restrictions	(23,996)	(121,156)
Change in net assets with donor restrictions	**9,448**	**(45,156)**
Change in net assets	**2,128,287**	**2,861,265**
Net Assets, beginning of year	**14,345,596**	**11,484,331**
Net Assets, end of year	**$ 16,473,883**	**$ 14,345,596**

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PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Salaries, taxes and benefits	$ 5,290,320	$ 1,118,875	$ 6,409,195	$ 5,014,765	$ 1,096,058	$ 6,110,823
Data center, software support and licensing	915,287	145,104	1,060,391	680,011	146,534	826,545
Professional fees	498	313,033	313,531	10,997	258,961	269,958
Registration fees, related party (Note 6)	275,808	-	275,808	273,080	-	273,080
Consulting	212,113	30,755	242,868	215,532	7,656	223,188
Product training, development and outreach	165,809	40,765	206,574	195,295	45,498	240,793
Service fees	-	188,719	188,719	-	178,002	178,002
Facilities	95,098	24,303	119,401	95,286	23,847	119,133
Supplies	56,948	20,793	77,741	41,608	23,054	64,662
Travel, meetings and conferences	49,479	24,937	74,416	8,917	10,169	19,086
Dues and subscriptions	-	54,200	54,200	-	51,735	51,735
Depreciation	41,134	9,460	50,594	56,596	13,603	70,199
Bad debt expense	-	46,142	46,142	-	2,034	2,034
Insurance	21,851	5,025	26,876	19,869	4,775	24,644
Miscellaneous	1,368	315	1,683	-	21,276	21,276
Total expenses	**$ 7,125,713**	**$ 2,022,426**	**$ 9,148,139**	**$ 6,611,956**	**$ 1,883,202**	**$ 8,495,158**

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

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	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ 2,128,287	$ 2,861,265
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,594	70,199
Amortization of right-of-use asset - operating lease	41,497	-
Bad debt expense	46,142	2,034
Loss on disposal of property and equipment	9,102	-
Net realized and unrealized (gain) loss on investments	452,642	(13,403)
Non-cash interest income	(8,250)	(8,250)
Change in operating assets and liabilities:		
Accounts and grants receivable	(751,513)	(160,292)
Prepaid expenses	20,658	22,180
Security deposits	(9,746)	(2,938)
Operating lease payable	(39,510)	-
Accounts payable and accrued expenses	553,333	211,050
Deferred revenue	(13,343)	1,576
Net cash provided by operating activities	**2,479,893**	**2,983,421**
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(14,840)
Proceeds from sale of property and equipment	6,897	2,396
Purchases of investments	(4,935,235)	(386,472)
Proceeds from sale and redemption of investments	206,266	353,528
Net cash used by investing activities	**(4,722,072)**	**(45,388)**
Net Increase (Decrease) in Cash and Restricted Cash	**(2,242,179)**	**2,938,033**
Cash and Restricted Cash, beginning of year	**9,882,577**	**6,944,544**
Cash and Restricted Cash, end of year	**$ 7,640,398**	**$ 9,882,577**
Reconciliation to Statements of Financial Position:		
Cash	$ 7,572,075	$ 9,847,045
Restricted cash	68,323	35,532
Cash and Restricted Cash, end of year	**$ 7,640,398**	**$ 9,882,577**

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1. Nature of Operations

Publishers International Linking Association, Inc. (the Association), a nonprofit corporation, promotes the development and cooperative use of new and innovative technologies to speed and facilitate scientific and other scholarly research. The Association runs various programs under the name Crossref which enables the creation of persistent links to full-text scholarly content located on different publisher sites and a cross-publisher reference linking service. The Association's principal place of operation is in Lynnfield, Massachusetts and it also operates an office in Oxford, England. The Association provides services through a distributed workforce model with employees located in the United States (U.S.), England, Guernsey, France, Indonesia, Ireland, Germany, and Kenya.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Association is presented to assist the reader in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Recently Adopted Accounting Pronouncement
In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASC) 2016-02, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. The most significant change in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under ASU 2016-02, disclosures are required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Association adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance.

The Association elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Association recognized on January 1, 2022 an operating lease payable of $195,091, which represents the present value of the remaining operating lease payments of $201,513, discounted using the Association's risk-free rate of 1.37%, and a right-of-use operating asset of $198,545, which represents the operating lease payable of $195,091, adjusted for prepaid rent of $3,454.

The adoption of ASU 2016-02 did not have a significant impact on the Association's results of operations or cash flows.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting, and in accordance with authoritative guidance, report information regarding the Association's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Performance Indicator

In the accompanying statements of activities, the primary indicator of the Association's results is change in net assets from operations. As such, it includes all operating revenues and operating expenses. Transactions such as foreign currency exchange loss, net and loss on disposal of property and equipment are not included as a component of change in net assets from operations in the statements of activities.

Restricted Cash

Restricted cash consists of cash provided by private funding sources to establish the Research Organization Registry (Note 6).

Accounts and Grants Receivable
Accounts and grants receivable are carried at anticipated net realizable value. On a periodic basis, the Association evaluates its receivables and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collection experience. A receivable is considered past due if payment has not been received within stated terms. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The allowance for doubtful accounts was approximately $156,000 and $101,500 as of December 31, 2022 and 2021, respectively.

Property and Equipment
Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from 18 months to 5 years.

Generally, additions and improvements in excess of $5,000 and expenditures that materially prolong the useful lives of assets are capitalized to property and equipment.

Leases
The Association leases office space in the U.S. and England. The Association determines if an arrangement is a lease at inception. Noncancellable operating leases in excess of 12 months are included in ROU asset – operating lease, net, current portion of operating lease payable and operating lease payable, less current portion on the accompanying 2022 statement of financial position.

The Association has elected to apply the short-term lease exemption to certain office and storage spaces with month-to-month terms. Short-term leases are defined as leases with lease terms of 12 months or less or a 12-month lease with an option to extend in which it is reasonably certain the option will not be exercised. If it is probable that the option will be exercised, the noncancellable lease will not qualify as a short-term lease. Lease expense for short-term leases are recognized straight-line over the lease term, and any variable lease payments are recorded in the period in which the obligation for those payments is incurred. The short-term lease cost for those leases in 2022 was $67,829. The remaining lease payments due in 2023 total approximately $40,000.

ROU assets represent the Association's right to use an underlying asset for the lease term and leases payable represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. If a lease does not provide an implicit rate, the Association uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and excludes lease incentives. The Association's lease terms include options to extend or terminate the lease when it is reasonably certain the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Association's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Association has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as office space, lease and non-lease components are accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of real estate taxes, operating costs and utilities that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Investments
The Association's investments consist of marketable securities, certificates of deposit, and cash and cash equivalents designated for investment, which are stated in the accompanying statements of financial position at fair value. Realized and unrealized gains and losses are included as a component of investment return, along with interest and dividends, net of advisory fees in the accompanying statements of activities. Purchases and sales of securities are recorded on the trade date.

Fair Value Measurement
Authoritative guidance on fair value establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access.
>
> Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Association's own data.

The Association reports its investments measured at fair value on a recurring basis. The investments are classified as level 1 and level 2 within the fair value hierarchy.

Level 1 investments in marketable securities are listed on a National Securities Exchange and valued at the last recorded sales price as of the financial statement reporting date, or in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date. Level 1 investments also include cash and cash equivalents designated for investment.

Level 2 investments in certificates of deposit are valued by obtaining non-binding market prices from the custodian holding the Association's investments as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded.

Revenue and Support Recognition

Content Registration, Membership and Subscriber and Document Check Fees

The Association has three primary forms of revenue: (1) content registration fees are paid for registering content in the Crossref system and are recognized as revenue when invoiced quarterly in arrears; (2) membership and subscriber fees represent annual member and affiliate fees paid for the use of the online database and are recognized as earned ratably over the 12-month membership term; and (3) document check fees are earned to administer a plagiarism detection service offered to members and serviced by a third-party provider, and are recognized as revenue when invoiced annually in arrears. As the Association does not control the plagiarism detection service before it is transferred to the member, the Association acts as an agent and recognizes revenue net of amounts paid to the third-party provider (Note 5). Deferred revenue consists of content registration and membership and subscriber fees received in advance of when the related services are provided. See Note 4 for further information on performance obligations and disaggregation of revenue.

Grant Revenue

The Association recognizes cost-reimbursement grant revenue, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, when the Association has incurred expenditures in compliance with specific contract provisions.

Contributions

The Association recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are recorded either as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. However, it is the policy of the Association to show net assets with donor restrictions that are both received and fully expended in the current year directly in net assets without donor restrictions.

Advertising

Advertising costs are expensed as incurred and are included in product training, development and outreach in the accompanying statements of functional expenses. Advertising expense for the years ended December 31, 2022 and 2021 was approximately $59,600 and $14,900, respectively.

Foreign Currency Transactions

The Association has operations in the United Kingdom. In the normal course of business, the Association is exposed to fluctuations in currency values. In accordance with authoritative guidance on foreign currency remeasurement, nonmonetary assets, capital accounts, liabilities, revenues and expenses are remeasured from the applicable local currency (British Pound) into the functional currency (U.S. Dollars) using historical exchange rates in effect at the transaction date, and monetary assets and liabilities are remeasured using the statement of financial position date exchange rate. Revenues and expenses related to monetary items are remeasured using the weighted-average exchange rate prevailing during the year. Exchange gains and losses resulting from remeasurements into the functional currency are recorded as a component of operations. Gains and losses resulting from transactions in foreign currencies are recognized in other expenses as foreign currency exchange loss, net on the accompanying statements of activities.

Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC). Fees or other payments made to the Association are not deductible as charitable contributions for income tax purposes. However, the payments may be deductible as ordinary and necessary business expenses to the extent allowed by the IRC.

The Association annually files IRS Form 990 - *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by taxing authorities generally for a period of three years after they were filed. The Association currently has no tax examinations in progress.

Functional Allocation of Expenses
The Association's natural operating expenses are functionally allocated among program and administration. Natural operating expenses which benefit more than one function are allocated based on salaries or the percent of occupied space.

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

Subsequent Events
Management of the Association has evaluated subsequent events through July 13, 2023, which is the date these financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following:

	2022	2021
Financial assets:		
Cash and restricted cash	$ 7,640,398	$ 9,882,577
Accounts and grants receivable, net	4,419,023	3,713,652
Note receivable, including accrued interest	378,375	-
Investments	6,246,475	1,970,148
Financial assets, end of year	18,684,271	15,566,377
Less those unavailable for general expenditure within one year:		
Investments designated for long-term needs	6,246,475	1,970,148
Purpose restrictions	68,323	58,875
Financial assets available to meet general expenditure needs within one year	$ 12,369,473	$ 13,537,354

The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Performance Obligations and Disaggregation of Revenue

Revenue from performance obligations satisfied at a point in time consists of content registration, document check and grant revenue. For content registration and document check services, revenue is recognized as invoiced since control of the service passes to the customer as soon as content is registered or checked. Invoices for these services are processed quarterly or annually in arrears with payment terms of 45 days from invoice date. Grant revenue is recognized as allowable expenditures have been incurred.

Revenue from performance obligations satisfied over time consists of annual membership and subscriber fees. These fees are invoiced annually in January with payment terms of 45 days from invoice date.

In the following table, revenue noted above is disaggregated by timing of satisfaction of performance obligations as follows:

	2022	2021
Performance obligations satisfied at a point in time	$ 7,365,647	$ 7,208,146
Performance obligations satisfied over time	4,267,064	4,013,717
Total	$ 11,632,711	$ 11,221,863

The Association's revenue does not have a significant financing component as payment is received at or shortly after the point of sale.

Accounts and grants receivable, net and deferred revenue as of December 31, 2020 totaled $3,555,394 and $149,017, respectively.

5. Document Check Fees

The Association is a party to an agreement with Turnitin, LLC (Turnitin), an unrelated third party, through an initial term of May 2022 and year-to-year thereafter, to provide Association members plagiarism detection service. In accordance with the agreement, the Association invoices its participating members the full cost of the service, retains 20% of the fee for its administration of the program and remits the balance to Turnitin for its services. The Association is required to pay Turnitin regardless of whether it collects the receivable from the member. For members that are invoiced directly by Turnitin, Turnitin remits a 15% program administration fee in the form of a credit. In addition, Turnitin is required to provide certain levels of service and is charged for breaches, which it remits in the form of a credit.

The program activity for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Program billings to members	$ 2,552,355	$ 1,852,196
Fee due Turnitin (80%)	2,041,884	1,481,757
Credits received from Turnitin	(275,324)	(322,567)
Payment due Turnitin	1,766,560	1,159,190
Document check fees revenue	$ 785,795	$ 693,006

Program billings of $2,552,355 and $1,852,196 are included in accounts and grants receivable on the accompanying statements of financial position at December 31, 2022 and 2021, respectively. The payment due to Turnitin of $1,766,560 and $1,159,190 is included in accounts payable and accrued expenses on the accompanying statements of financial position at December 31, 2022 and 2021, respectively.

6. Related Party Transactions

International DOI Foundation

The Association is a Registration Agency of the International DOI Foundation (IDF), a management body for the Federation of Registration Agencies providing Digital Object Identifier (DOI) services and registration. The Executive Director of the Association serves as the Treasurer on IDF's Board. Registration fees charged by IDF on the accompanying statements of functional expenses were $275,808 and $273,080 for the years ended December 31, 2022 and 2021, respectively.

Prepaid registration fees, representing the Association's annual registration dues for future periods, were $139,283 and $137,904 at December 31, 2022 and 2021, respectively, and are included in prepaid expenses on the accompanying statements of financial position.

Research Organization Registry

Pursuant to a Memorandum of Agreement expiring on December 31, 2024, the Association is a member of a collaborative agreement operating under the name of Research Organization Registry (ROR), a community-led project to develop an open, sustainable, usable and unique identifier for every research organization in the world. The Executive Director of the Association serves as a member of the steering group of ROR, which is responsible for strategic decision-making about governance.

During 2022 and 2021, the Association collected private funding on behalf of ROR of approximately $33,400 and $1,000, respectively, recorded as contributions with donor restrictions. During 2022 and 2021, the Association paid expenses of approximately $700 and $69,500, respectively, on behalf of ROR. Cash held on behalf of ROR of approximately $68,300 and $35,500 is recorded as restricted cash as of December 31, 2022 and 2021, respectively, on the accompanying statements of financial position.

7. Property and Equipment

Property and equipment consisted of the following:

	2022	2021
Computer software and equipment	$ 1,846,203	$ 1,896,906
Furniture and fixtures	36,580	98,240
	1,882,783	1,995,146
Less accumulated depreciation	1,871,647	1,917,417
Property and equipment, net	$ 11,136	$ 77,729

During 2022, the Association sold furniture which had an original cost of $112,363 and accumulated depreciation of $96,364. Net proceeds from the sale amounted to $6,897, resulting in a loss of $9,102.

During 2021, the Association sold equipment which had an original cost of $43,508 and accumulated depreciation of $41,112. Net proceeds from the sale amounted to $2,396, resulting in no gain or loss.

8. Leases

The Association leases office space in Lynnfield, Massachusetts under a noncancellable operating lease agreement. The lease requires monthly rental payments, which include a pro-rata share of real estate taxes, utilities and other operating costs, of approximately $3,500 through August 2023, increased annually thereafter by approximately $100 per month. The lease expires on August 31, 2026, with an option to extend for three additional years.

The Association leases office space in England under agreements which are cancellable by either party with 3-months' notice, therefore, they are considered short-term leases. The leases required monthly payments of approximately $8,200 through September 2022 and then $5,000 through September 2023.

The related cost of the ROU asset and accumulated amortization at December 31, 2022 were as follows:

Right-of-use asset – operating lease		
Facilities	$	198,545
Less: accumulated amortization		41,497
Right-of-use asset – operating lease, net	$	157,048

The components of lease expense for the year ended December 31, 2022 were as follows:

Operating lease cost	$	43,921
Short-term lease cost		67,829
Total lease cost	$	111,750

Other information related to leases for the year ended December 31, 2022 was as follows:

Supplemental Cash Flows Information:		
Operating cash flows from operating leases	$	41,934
Weighted-average remaining lease term		3.67 years
Weighted-average discount rate		1.37%

Future minimum lease payments under noncancellable operating leases as of December 31, 2022 were as follows:

Year Ending December 31,		
2023	$	43,085
2024		44,237
2025		45,388
2026		26,869
Total future minimum lease payments		159,579
Less imputed interest		3,998
		155,581
Less current portion of operating lease payable		41,210
Operating lease payable, less current portion	$	114,371

Total lease expense for the year ended December 31, 2021 was approximately $113,800. Approximate future minimum operating lease payments as of December 31, 2021 were as follows:

Year Ending December 31,		
2022	$	95,700
2023		39,500
2024		40,700
2025		41,800
2026		28,400
Total	$	246,100

9. Investments

Investments are reported in the statements of financial position at fair value and are comprised of the following at year end:

	2022	2021
Level 1		
Cash and cash equivalents	$ 23,522	$ 3,789
Marketable securities:		
Common stock:		
Communication services	8,828	13,298
Consumer discretionary	25,839	28,772
Consumer staples	32,015	31,149
Energy	12,019	7,793
Financial	38,212	47,045
Healthcare	37,544	34,584
Industrial	24,626	28,822
Information technology	56,080	73,669
Materials	10,846	10,702
Utilities	15,070	16,916
MLPs/Energy infrastructure	2,363	-
REITs	14,351	19,737
Total level 1	301,315	316,276
Level 2		
Certificates of deposit	5,945,160	1,653,872
Total	$ 6,246,475	$ 1,970,148

At December 31, 2022, the Association's certificates of deposit mature at various dates through August 2027 and earn interest at rates ranging from 0.60% to 4.00%. At December 31, 2021, the Association's certificates of deposit mature at various dates through January 2027 and earn interest at rates ranging from 0.60% to 3.25%. Certificates of deposit are held to maturity.

Investment income is summarized as follows:

	2022	2021
Dividend and interest income	$ 108,572	$ 62,125
Net realized and unrealized gain (loss)	(452,642)	13,403
Investment expenses	(4,437)	(4,325)
Total	$ (348,507)	$ 71,203

10. Note Receivable

The Association has a note receivable from ORCID, Inc. due by June 30, 2023. In accordance with the terms of the agreement, interest is charged on the unpaid principal balance at a rate of 2.75% per annum. The outstanding principal balance of $300,000, plus accrued interest receivable of $78,375 and $70,125 at December 31, 2022 and 2021, respectively, is included in note receivable, including accrued interest on the accompanying statements of financial position. Payment of the outstanding principal plus accrued interest was received on July 3, 2023.

11. Net Assets With Donor Restrictions

A summary of net assets with donor restrictions is as follows:

	2022	2021
Subject to expenditure for a specific purpose:		
ROR	$ 68,323	$ 35,532
Grant registration improvements	-	23,343
Total net assets with donor restrictions	$ 68,323	$ 58,875

12. Retirement Plan Expense

The Association sponsors contribution plans for its employees as follows:

The Association sponsors a defined contribution retirement plan for U.S. employees meeting certain eligibility requirements in accordance with Section 401(k) of the IRC. U.S. employee contributions are limited by IRS limitations. The Association provides a matching contribution of 100% of the participants' first 3% of eligible compensation and 50% of the participants' next 2% of eligible compensation and a discretionary profit-sharing contribution of 6%. For the years ended December 31, 2022 and 2021, the Association contributed approximately $225,900 and $224,700, respectively, of which approximately $139,600 and $138,900 is included in accounts payable and accrued expenses on the accompanying statements of financial position at December 31, 2022 and 2021, respectively.

Directors and employees in England and Guernsey participate in a defined contribution pension scheme. The scheme and its assets are held by independent managers. The Association may provide a discretionary matching contribution. The Association made a 10% discretionary matching contribution to eligible employees totaling approximately $187,400 and $193,900 for the years ended December 31, 2022 and 2021, respectively, of which approximately $47,200 is included in accounts payable and accrued expenses on the accompanying statement of financial position at December 31, 2021.

Employees in France participate in a defined contribution pension scheme. The scheme and its assets are held by independent managers. The Association is required to make a mandatory employer contribution of 12.25% of the employees' annual salary. In addition, the Association also made an additional 3.75% discretionary contribution to one eligible employee for 2022 and 2021. For the years ended December 31, 2022 and 2021, the Association contributed pension contributions of approximately $44,300 and $46,500, respectively.

Employees in Ireland participate in a defined contribution pension scheme. The scheme and its assets are held by independent managers. Employee contributions are limited to 15-40% of annual earnings up to specified limits depending on the age of the participant. The Association may provide a discretionary matching contribution. The Association made a 10% discretionary matching contribution to the eligible employee for 2022 and 2021. For the years ended December 31, 2022 and 2021, the Association contributed pension contributions of approximately $10,000 and $9,600, respectively.

Employees in Germany participate in a defined contribution pension scheme. The scheme and its assets are held by independent managers. The Association is required to make a mandatory employer contribution of 9.30% of the employee's monthly salary up to specified limits. For the years ended December 31, 2022 and 2021, the Association contributed pension contributions of approximately $8,600 and $10,400, respectively.

The employee in Kenya participates in a defined contribution pension scheme. The scheme and its assets are held by independent managers. The Association may provide a discretionary matching contribution. The Association made a 10% discretionary pension contribution to the eligible employee for 2022 and 2021. For the years ended December 31, 2022 and 2021, the Association contributed pension contributions of approximately $3,600 and $1,300, respectively.

Beginning in 2022, the employee in Indonesia participates in a defined contribution pension scheme. The Association is required to make a mandatory employer contribution of 2.00% of the employee's monthly salary up to specified limits. For the year ended December 31, 2022, the Association contributed pension contributions of approximately $100.

13. Commitments

Service Agreements

Verizon

The Association maintains two service agreements with Verizon to provide resources for the operation of the Crossref system through December 2022, with month-to-month terms thereafter. The Association pays a base monthly recurring charge of approximately $4,600, plus additional excess usage charges. Fees related to the Verizon agreements were approximately $45,000 and $37,600 for the years ended December 31, 2022 and 2021, respectively.

Equinix

The Association maintains a service agreement with Equinix to provide resources for the operation of the Crossref system through November 2023. The Association pays a base monthly recurring charge of approximately $7,600 through November 2022 and then $12,100 thereafter. Fees related to the Equinix agreement were approximately $119,900 and $82,400 for the years ended December 31, 2022 and 2021, respectively. Minimum future annual payments required under this contract are approximately $133,500 for the year ending December 31, 2023.

Crown Castle
The Association entered into a service agreement with Crown Castle effective July 2021, to provide resources for the operation of the Crossref system through June 2024. The Association pays a base monthly recurring charge of approximately $1,300. Fees related to the Crown Castle agreement were approximately $15,300 and $7,200 for the years ended December 31, 2022 and 2021, respectively. Minimum future annual payments required under this contract are approximately $15,300 and $7,700 for the years ending December 31, 2023 and 2024, respectively.

14. Concentrations of Risk

Credit and Other Risks
Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of uninsured cash deposits and certificates of deposit, accounts and grants receivable, investments and note receivable. The Association maintains its cash and certificates of deposit balances in several financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the Association's cash deposit balances may exceed this limit. Cash deposit balances in excess of $250,000 are generally uninsured.

One customer accounted for approximately 14% of the Association's accounts and grants receivable as of December 31, 2022. There was no accounts receivable concentration as of December 31, 2021. Management does not believe significant credit risk exists at year end.

One vendor (Note 5) accounted for approximately 71% and 80% of the Association's accounts payable as of December 31, 2022 and 2021, respectively.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements.

Business Risk
In early 2022, an international conflict arose between Russia and Ukraine. The Association has members located in Ukraine and Russia that account for approximately 4% of the Association's total revenue and support. The extent of the impact of the international conflict and the sanctions placed upon Russia on the Association's future financial performance will depend on certain developments, including the duration of the international conflict, the lifting of sanctions, and the outcome of negotiations between the two countries, which are uncertain and cannot be predicted. It is possible that the international conflict will negatively impact future operating results. The Association is not able to reliably estimate the related financial impact at this time.