

Association of Clinical Research Professionals, Inc. and Affiliate

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021



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**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
AND AFFILIATE**

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INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Association of Clinical Research Professionals, Inc.
and Affiliate
Alexandria, Virginia**

Opinion

We have audited the accompanying consolidated financial statements of the Association of Clinical Research Professionals, Inc. and Affiliate (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association of Clinical Research Professionals, Inc. and Affiliate as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association of Clinical Research Professionals, Inc. and Affiliate 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.

Emphasis-of-Matter

As discussed in Note 2 of the consolidated financial statements, on January 1, 2022, the Association of Clinical Research Professionals, Inc. and Affiliate adopted ASU 2016-02, Leases (Topic 842). Our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association of Clinical Research Professionals, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association of Clinical Research Professionals, Inc. and Affiliate'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BBD, LLP.

**Philadelphia, Pennsylvania
December 21, 2023**

**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
AND AFFILIATE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 1,125,791	\$ 535,649
Accounts receivable	312,220	404,805
Prepaid expenses	88,891	137,088
Investments	3,894,346	4,375,187
Property and equipment, net	147,231	271,766
Operating lease right-of-use-asset	<u>159,343</u>	<u>-</u>
Total assets	<u>\$ 5,727,822</u>	<u>\$ 5,724,495</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 745,568	\$ 606,674
Due to chapters	111,431	143,005
Deferred revenue		
Annual meeting	271,384	234,525
Institution and education	221,478	270,213
Membership dues	898,535	859,184
Other	<u>10,000</u>	<u>20,000</u>
	1,401,397	1,383,922
Deferred rent	-	212,416
Loan payable	1,693,183	1,686,116
Paycheck Protection Program loan	-	417,818
Operating lease liability	<u>221,819</u>	<u>-</u>
Total liabilities	<u>4,173,398</u>	<u>4,449,951</u>
NET ASSETS		
Without donor restrictions	1,481,517	1,255,317
With donor restrictions	<u>72,907</u>	<u>19,227</u>
Total net assets	<u>1,554,424</u>	<u>1,274,544</u>
Total liabilities and net assets	<u>\$ 5,727,822</u>	<u>\$ 5,724,495</u>

See accompanying notes

**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
AND AFFILIATE**

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Institution and education	\$ 3,113,337	\$ -	\$ 3,113,337	\$ 3,535,375	\$ -	\$ 3,535,375
Membership dues	1,690,017	-	1,690,017	1,582,257	-	1,582,257
Annual meeting	1,281,642	-	1,281,642	397,719	-	397,719
Advertising	334,905	-	334,905	390,897	-	390,897
Career site	189,100	-	189,100	205,390	-	205,390
Contributions	4,441	75,680	80,121	-	19,227	19,227
Other income	482,487	-	482,487	614,439	-	614,439
Net assets released from restrictions	22,000	(22,000)	-	8,054	(8,054)	-
Total revenue and support	7,117,929	53,680	7,171,609	6,734,131	11,173	6,745,304
EXPENSES						
Program services						
Certification	1,135,419	-	1,135,419	1,168,547	-	1,168,547
Education	1,178,030	-	1,178,030	841,080	-	841,080
Outreach	935,979	-	935,979	591,493	-	591,493
Workforce innovation	435,724	-	435,724	219,344	-	219,344
Events	1,441,741	-	1,441,741	425,212	-	425,212
Supporting services						
Management and general	1,290,811	-	1,290,811	1,989,418	-	1,989,418
Membership	454,711	-	454,711	1,568,980	-	1,568,980
Total expenses	6,872,415	-	6,872,415	6,804,074	-	6,804,074
Change in net assets before other changes	245,514	53,680	299,194	(69,943)	11,173	(58,770)
OTHER CHANGES						
Investment income (loss), net	(437,132)	-	(437,132)	520,512	-	520,512
Paycheck Protection Program loan forgiveness	417,818	-	417,818	-	-	-
	(19,314)	-	(19,314)	520,512	-	520,512
CHANGE IN NET ASSETS	226,200	53,680	279,880	450,569	11,173	461,742
NET ASSETS						
Beginning of year	1,255,317	19,227	1,274,544	804,748	8,054	812,802
End of year	\$ 1,481,517	\$ 72,907	\$ 1,554,424	\$ 1,255,317	\$ 19,227	\$ 1,274,544

See accompanying notes

**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	<u>Certification</u>	<u>Education</u>	<u>Outreach</u>	<u>Workforce Innovation</u>	<u>Events</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Membership</u>	<u>Total Supporting Services</u>	<u>Total</u>
Personnel expense	\$ 433,695	\$ 695,313	\$ 545,807	\$ 256,659	\$ 325,048	\$ 2,256,522	\$ 630,749	\$ 126,635	\$ 757,384	\$ 3,013,906
Advertising	978	-	9,104	-	-	10,082	1,035	-	1,035	11,117
Bank and credit card fees	47,543	30,347	-	-	32,876	110,766	10,713	48,049	58,762	169,528
Depreciation	24,841	29,573	14,195	3,549	13,012	85,170	65,061	47,317	112,378	197,548
Exam site fee	177,220	-	-	-	-	177,220	-	-	-	177,220
Interest	-	-	-	-	-	-	51,283	-	51,283	51,283
Insurance	2,571	3,355	1,983	776	8,112	16,797	21,904	4,001	25,905	42,702
Occupancy	59,020	86,644	68,663	31,983	52,316	298,626	88,225	16,165	104,390	403,016
Office expense	53,579	7,958	10,944	21,861	11,230	105,572	100,917	9,071	109,988	215,560
Professional services	331,927	281,110	108,142	116,153	493,593	1,330,925	233,495	106,874	340,369	1,671,294
Software, hardware and equipment	-	36,933	78,645	-	-	115,578	64,672	95,285	159,957	275,535
Travel	3,955	6,737	604	4,617	496,211	512,124	13,181	104	13,285	525,409
Other	90	60	97,892	126	9,343	107,511	9,576	1,210	10,786	118,297
Total expenses	\$ 1,135,419	\$ 1,178,030	\$ 935,979	\$ 435,724	\$ 1,441,741	\$ 5,126,893	\$ 1,290,811	\$ 454,711	\$ 1,745,522	\$ 6,872,415

See accompanying notes

**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	<u>Certification</u>	<u>Education</u>	<u>Outreach</u>	<u>Workforce Innovation</u>	<u>Events</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Membership</u>	<u>Total Supporting Services</u>	<u>Total</u>
Personnel expense	\$ 429,831	\$ 522,227	\$ 261,213	\$ 191,865	\$ 282,429	\$ 1,687,565	\$ 602,571	\$ 887,978	\$ 1,490,549	\$ 3,178,114
Advertising	-	-	-	-	-	-	308,085	48,278	356,363	356,363
Bad debt expense	-	-	-	-	-	-	81,020	-	81,020	81,020
Bank and credit card fees	56,420	19,640	-	-	6,981	83,041	-	43,461	43,461	126,502
Depreciation	21,004	25,359	12,395	2,666	11,385	72,809	55,215	39,919	95,134	167,943
Exam site fee	234,697	-	-	-	-	234,697	-	-	-	234,697
Interest	-	-	-	-	-	-	31,355	-	31,355	31,355
Insurance	1,979	2,390	1,168	251	7,918	13,706	20,166	3,762	23,928	37,634
Occupancy	26,100	31,512	15,403	3,313	14,147	90,475	350,978	49,605	400,583	491,058
Office expense	11,075	53,052	6,536	1,406	6,003	78,072	29,116	21,046	50,162	128,234
Professional services	345,295	184,035	89,955	19,347	82,622	721,254	400,714	289,703	690,417	1,411,671
Software, hardware and equipment	42,146	1,327	134,723	-	-	178,196	103,318	185,228	288,546	466,742
Travel	-	1,538	-	496	11,877	13,911	6,217	-	6,217	20,128
Other	-	-	70,100	-	1,850	71,950	663	-	663	72,613
Total expenses	\$ 1,168,547	\$ 841,080	\$ 591,493	\$ 219,344	\$ 425,212	\$ 3,245,676	\$ 1,989,418	\$ 1,568,980	\$ 3,558,398	\$ 6,804,074

See accompanying notes

**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 279,880	\$ 461,742
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	197,548	167,943
Bad debt expense	-	81,020
Net unrealized and realized (gain) loss on investments	576,805	(368,738)
Paycheck Protection Program loan forgiveness	(417,818)	-
(Increase) decrease in		
Accounts receivable	92,585	(260,279)
Prepaid expenses	48,197	204,357
Right-of-use-asset	(159,343)	-
Increase (decrease) in		
Accounts payable and accrued expenses and due to chapters	107,320	(86,184)
Deferred revenue	17,475	(280,182)
Deferred rent	-	(166,821)
Operating lease liability	9,403	-
Other liabilities	-	(28,751)
Net cash provided by (used for) operating activities	<u>752,052</u>	<u>(275,893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,639,804)	(1,381,211)
Proceeds from the sales of investments	1,543,840	1,229,498
Purchases of property and equipment	(73,013)	(100,965)
Net cash used for investing activities	<u>(168,977)</u>	<u>(252,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	417,818
Net proceeds from loan payable	7,067	31,356
Net cash provided by financing activities	<u>7,067</u>	<u>449,174</u>
Net change in cash	590,142	(79,397)
CASH		
Beginning of year	<u>535,649</u>	<u>615,046</u>
End of year	<u>\$ 1,125,791</u>	<u>\$ 535,649</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 44,216</u>	<u>\$ -</u>

See accompanying notes

ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

(1) ORGANIZATION

The Association of Clinical Research Professionals, Inc. ("**ACRP**") exists to provide global leadership to promote integrity and excellence for the clinical research profession.

The Academy of Clinical Research Professionals, Inc. (the "**Academy**") exists to advance and promote the professional interests of clinical research professionals by defining, promoting and maintaining the highest standards and the best practices in the field of clinical research worldwide.

The two entities are collectively referred to as the Association.

(2) SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

As required by U.S. generally accepted accounting principles ("**GAAP**"), the accompanying consolidated financial statements include the accounts of the ACRP and the Academy. Significant inter-entity accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Association and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "**net assets released from restrictions.**"

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Association to expend the income generated in accordance with the provisions of the contribution. The Association did not have this type of donor restricted net assets at December 31, 2022 and 2021.

Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Association. Unobservable inputs reflect the Association's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Association's own assumptions.

Accounts Receivable

Accounts receivable are stated net of an allowance for losses. On a periodic basis, the Association evaluates its accounts receivable and establishes a reserve for doubtful accounts, based on the history of past write-offs and collections and current credit conditions. An account is written off when it is determined that all collection efforts have been exhausted. Bad debt expense was \$-0- and \$81,020, respectively, for the years ended December 31, 2022 and 2021.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the consolidated statements of activities. Dividend and interest income is recorded as earned. Restricted investment income whose restrictions are satisfied in the same period are classified as without donor restrictions.

The Association invests in a professionally-managed portfolio that contains various types of securities (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the consolidated financial statements could change materially in the near term.

Property and Equipment

The Association capitalizes all expenditures for property and equipment in excess of \$1,500. Property and equipment is carried at the lesser of cost or fair value if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Leases

Effective with the implementation of ASU 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance (collectively, Topic 842) on January 1, 2022, operating leases are recorded in right-of-use assets and lease liabilities in the consolidated statement of financial position. Leases with a term of twelve months or less are considered short term leases and are accounted for as an expense in the consolidated statement of activities as rental payments are incurred.

Operating lease assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Association uses the implicit rate when readily determinable. When the lease does not provide an implicit rate, the Association uses a secured borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The Association's lease terms may include options to extend if the option is considered reasonably certain to be exercised. Operating lease expense for lease payments are recognized on a straight-line basis over the lease term. Prior to January 1, 2022 and the implementation of ASU 2016-02, Leases (Topic 842), operating leases were accounted for as expense in the consolidated statements of activities when the rental payment was incurred. No asset or liability was recorded for operating leases.

Revenue Recognition

Revenues related to institution and education are fixed at the time of purchase based on published fixed rates. Customers typically pay at the time of purchase, but some customers are invoiced for purchases. Revenue from institution and education is recognized in the period that access to the course and the materials are delivered to the customer or the test is administered. Any fees collected in advance of access being granted are included in deferred revenue in the consolidated statements of financial position.

Membership dues are on a anniversary year and invoiced based on fixed rate schedules prior to the membership year, which creates a deferred revenue balance upon collection. Revenue from membership dues is recognized as revenue on a pro rata basis over the membership year as membership benefits are provided.

Annual meeting revenue is based on published fixed rates and collected either at the time of registration, in advance of the meeting resulting in a deferred revenue balance or at the time the meeting takes place and immediately recognized as revenue in the statements of activities.

Deferred revenue at December 31, 2022 will be recognized as revenue in 2023.

Contributions

Contributions received are recorded as net assets without or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as without donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Concentration of Credit Risk

Cash and accounts receivable are financial instruments which subject the Association to concentrations of credit risk. The Association maintains its cash at a high quality financial institution. At times, such deposits may exceed federally-insured limits. Accounts receivable consists primarily of amounts due from advertisers and is expected to be collected in 2023.

ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Functional Expenses

The costs of providing various programs and supporting services have been presented on a functional basis in the consolidated statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific function are allocated. Significant expenses that are allocated include personnel expense which is allocated to functional areas based on estimates of time and effort.

Income Taxes

ACRP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the ACRP's tax-exempt purpose is subject to taxation as unrelated business income. In addition, ACRP qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Academy is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. However, income from certain activities not directly related to the Academy's tax-exempt purpose is subject to taxation as unrelated business income.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. ACRP and the Academy believe that they had no uncertain tax positions as defined in GAAP.

(3) INVESTMENTS

Investments at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Money market and accrued income	\$ 535,131	\$ 528,830
Equity exchange traded funds	1,324,009	1,798,793
Mutual funds		
Equity	360,514	564,122
Fixed income	1,092,243	1,083,192
Alternative strategy	<u>582,449</u>	<u>400,250</u>
	<u>\$3,894,346</u>	<u>\$4,375,187</u>

The fair value of the investments was determined using level 1 valuation inputs.

Investment income (loss) for the years ended December 31, 2022 and 2021 was comprised of the following:

	<u>2022</u>	<u>2021</u>
Net realized/unrealized gain (loss)	\$ (576,805)	\$ 368,738
Interest and dividends	161,018	179,180
Management fees	<u>(21,345)</u>	<u>(27,406)</u>
	<u>\$ (437,132)</u>	<u>\$ 520,512</u>

ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

(4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Software	\$ 2,147,801	\$ 2,083,517
Education development	988,106	988,106
Leasehold improvements	736,227	736,227
Furniture and equipment	<u>390,122</u>	<u>381,393</u>
	4,262,256	4,189,243
Less accumulated depreciation	<u>(4,115,025)</u>	<u>(3,917,477)</u>
	<u>\$ 147,231</u>	<u>\$ 271,766</u>

(5) LOAN PAYABLE

During 2016, the Association entered into a loan agreement with the financial institution that holds its investments. Under the terms of the current loan agreement, the Association can borrow up to 75% of the market value of their investments. If the balance of the loan exceeds 75% of the fair market value held in investments, either by over-borrowing or a significant decline in the market value of its investments, the loan will be callable. As of December 31, 2022 and 2021, the fair value of the Association's investments held by the institution holding the loan agreement was \$3,894,346 and \$4,375,187, respectively. At December 31, 2022 and 2021, the outstanding loan balance was \$1,693,183 and \$1,686,116, respectively.

The loan is payable on demand and accrues interest on the daily balance at a variable interest rate spread equal to 5.89% at December 31, 2022. Interest expense for the years ended December 31, 2022 and 2021 was \$51,283 and \$31,355, respectively.

(6) PAYCHECK PROTECTION PROGRAM LOAN

On February 5, 2021, the Association received loan proceeds in the amount of \$417,818 under the Paycheck Protection Program ("**PPP**"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities.

In March 2022, the Association received forgiveness on the PPP loan which is included as an increase in net assets without donor restrictions on the 2022 statement of activities.

(7) LEASES

The Organization has an operating lease for office space that expires May 31, 2023. The lease requires the Organization to pay its proportionate share of operating expenses. Rent expense under this operating lease was \$375,568 and \$475,548 for 2022 and 2021, respectively.

The maturities of operating lease liabilities as of December 31, 2022, were as follows:

<u>Year ending December 31,</u>	
2023	\$222,836
Less: Interest	<u>(1,017)</u>
Present value of operating lease liability	<u>\$221,819</u>

ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

The weighted average remaining lease term on the operating lease was 5 months and the weighted average discount rate was 1.83% as of December 31, 2022.

In 2023, the Association entered into a lease for a nominal amount of space.

(8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the year ended December 31, 2022:

	<u>Balance</u> <u>January 1, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2022</u>
Ride for Diversity	\$19,277	\$66,180	\$(22,000)	\$63,407
Scholarship Fund	-	9,500	-	9,500
	<u>\$19,277</u>	<u>\$75,680</u>	<u>\$(22,000)</u>	<u>\$72,907</u>

Net assets with donor restrictions are restricted for the following purposes for the year ended December 31, 2021.

	<u>Balance</u> <u>January 1, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2021</u>
Ride for Diversity	\$ -	\$19,227	\$ -	\$19,227
Lou Sherwood Memorial Fund	8,054	-	(8,054)	-
	<u>\$ 8,054</u>	<u>\$19,227</u>	<u>\$(8,054)</u>	<u>\$19,227</u>

(9) DEFINED CONTRIBUTION PLAN

The Association makes retirement contributions for eligible employees to a defined contribution plan. Under this plan, the Association matches employee contributions up to 5% of the employee's annual salary, vesting immediately. The Association's retirement plan contributions for the years ended December 31, 2022 and 2021 were \$77,443 and \$95,249, respectively.

(10) COMMITMENTS AND CONTINGENCIES

The Association has entered into several agreements with vendors to provide services for future meetings and conventions through 2026. Many of these agreements contain clauses whereby the Association may be obligated for liquidated damages in the event of cancellation. The Association intends to hold the future meetings and conventions as scheduled.

(11) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Association's financial assets as of the statements of financial position date, which has been reduced by financial assets not available within one year.

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,125,791	\$ 535,649
Accounts receivable	312,220	404,805
Investments	<u>3,894,346</u>	<u>4,375,187</u>
Total financial assets	5,332,357	5,315,641

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Less: financial assets not available for general operations within one year		
Investments pledged as collateral for margin loan	(1,693,183)	(1,686,116)
Net assets with donor restrictions	<u>(72,907)</u>	<u>(19,227)</u>
Total financial assets available within one year	<u>\$ 3,566,267</u>	<u>\$ 3,610,298</u>

Liquidity Management

The Association manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. In addition, financial assets in excess of daily cash requirements are invested in financial instruments that can be converted into cash within a short period of time in accordance with the Association's investment policy.

(12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
AND AFFILIATE**

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

Year ended December 31, 2022

	<u>ACRP</u>	<u>Academy</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash	\$ 1,078,459	\$ 47,332	\$ -	\$ 1,125,791
Accounts receivable	312,220	-	-	312,220
Prepaid expenses	88,891	-	-	88,891
Due from ACRP	-	736,282	(736,282)	-
Investments	3,894,346	-	-	3,894,346
Property and equipment, net	147,231	-	-	147,231
Operating lease right-of-use-asset	159,343	-	-	159,343
Total assets	<u>\$ 5,680,490</u>	<u>\$ 783,614</u>	<u>\$ (736,282)</u>	<u>\$ 5,727,822</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 745,568	\$ -	\$ -	\$ 745,568
Due to chapters	111,431	-	-	111,431
Due to Academy	736,282	-	(736,282)	-
Deferred revenue				
Annual meeting	271,384	-	-	271,384
Institution and education	221,478	-	-	221,478
Membership dues	898,535	-	-	898,535
Other	10,000	-	-	10,000
	1,401,397	-	-	1,401,397
Loan payable	1,693,183	-	-	1,693,183
Operating lease liability	221,819	-	-	221,819
Total liabilities	<u>4,909,680</u>	<u>-</u>	<u>(736,282)</u>	<u>4,173,398</u>
NET ASSETS				
Without donor restrictions	697,903	783,614	-	1,481,517
With donor restrictions	72,907	-	-	72,907
Total net assets	<u>770,810</u>	<u>783,614</u>	<u>-</u>	<u>1,554,424</u>
Total liabilities and net assets	<u>\$ 5,680,490</u>	<u>\$ 783,614</u>	<u>\$ (736,282)</u>	<u>\$ 5,727,822</u>

See accompanying notes

**ASSOCIATION OF CLINICAL RESEARCH PROFESSIONALS, INC.
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CONSOLIDATING SCHEDULE OF ACTIVITIES

Year ended December 31, 2022

	<u>ACRP</u>	<u>Academy</u>	<u>Eliminations</u>	<u>Consolidated</u>
REVENUE AND SUPPORT				
Institution and education	\$1,230,936	\$1,882,401	\$ -	\$3,113,337
Membership dues	1,690,017	-	-	1,690,017
Annual meeting	1,281,642	-	-	1,281,642
Advertising	334,905	-	-	334,905
Career site	189,100	-	-	189,100
Management fee	660,848	-	(660,848)	-
Intellectual property licensing	1,212,744	-	(1,212,744)	-
Contributions	80,121	-	-	80,121
Other income	482,487	-	-	482,487
Total revenue and support	<u>7,162,800</u>	<u>1,882,401</u>	<u>(1,873,592)</u>	<u>7,171,609</u>
EXPENSES				
Program services				
Certification	1,135,419	1,873,592	(1,873,592)	1,135,419
Education	1,178,030	-	-	1,178,030
Outreach	935,979	-	-	935,979
Workforce innovation	435,724	-	-	435,724
Events	1,441,741	-	-	1,441,741
Supporting services				
Management and general	1,290,811	-	-	1,290,811
Membership	454,711	-	-	454,711
Total expenses	<u>6,872,415</u>	<u>1,873,592</u>	<u>(1,873,592)</u>	<u>6,872,415</u>
Change in net assets before other changes	290,385	8,809	-	299,194
OTHER CHANGES				
Investment income (loss), net	(437,221)	89	-	(437,132)
Paycheck Protection Program loan forgiveness	417,818	-	-	417,818
	(19,403)	89	-	(19,314)
CHANGE IN NET ASSETS	270,982	8,898	-	279,880
NET ASSETS				
Beginning of year	593,256	681,288	-	1,274,544
Transfer	(93,428)	93,428	-	-
End of year	<u>\$ 770,810</u>	<u>\$ 783,614</u>	<u>\$ -</u>	<u>\$1,554,424</u>

See accompanying notes