

**PUBLISHERS INTERNATIONAL LINKING
ASSOCIATION, INC.**

Financial Statements

Years Ended December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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.

Emphasis-of-Matter

Effective January 1, 2021, the Association adopted Financial Accounting Standards Board Accounting Standards Update 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*, as described in Note 2. The changes required by the update have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

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, Renya & Co, Ltd.

August 24, 2022

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020



	2021	2020 (As Adjusted)
Assets		
Current Assets:		
Cash	\$ 9,847,045	\$ 6,840,513
Restricted cash	35,532	104,031
Accounts and grants receivable, net	3,713,652	3,555,394
Prepaid expenses	410,962	433,142
Total current assets	14,007,191	10,933,080
Property and equipment, net	77,729	135,484
Other Assets:		
Investments, at fair value	1,970,148	1,923,801
Security deposits	12,640	9,702
Note receivable, including accrued interest	370,125	361,875
Total other assets	2,352,913	2,295,378
Total Assets	\$ 16,437,833	\$ 13,363,942
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,941,644	\$ 1,730,594
Deferred revenue	150,593	149,017
Total current liabilities	2,092,237	1,879,611
Net Assets:		
Without donor restrictions:		
Undesignated	12,316,573	9,456,499
Board designated, long-term needs	1,970,148	1,923,801
Total without donor restrictions	14,286,721	11,380,300
With donor restrictions:		
Purpose restrictions	58,875	104,031
Total with donor restrictions	58,875	104,031
Total net assets	14,345,596	11,484,331
Total Liabilities and Net Assets	\$ 16,437,833	\$ 13,363,942

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020



	<u>2021</u>	<u>2020</u> (As Adjusted)
Change in Net Assets without Donor Restrictions:		
Revenue and support:		
Content registration fees	\$ 6,419,693	\$ 5,986,665
Membership and subscriber fees	4,013,717	3,661,558
Document check fees	693,006	467,489
Event registration fees	-	30,271
Grant revenue	95,447	-
Investment income	71,203	132,883
Net assets released from restrictions	121,156	-
Total revenue and support	<u>11,414,222</u>	<u>10,278,866</u>
Expenses:		
Program expenses	6,611,956	5,738,836
General and administrative expenses	1,883,202	2,032,430
Total expenses	<u>8,495,158</u>	<u>7,771,266</u>
Change in net assets from operations	2,919,064	2,507,600
Other expenses:		
Foreign currency exchange loss, net	(12,643)	(11,663)
Loss on disposal of property and equipment	-	(21,129)
Total other expenses	<u>(12,643)</u>	<u>(32,792)</u>
Change in net assets without donor restrictions	2,906,421	2,474,808
Change in Net Assets with Donor Restrictions:		
Contributions	76,000	78,996
Net assets released from restrictions	(121,156)	-
Change in net assets with donor restrictions	<u>(45,156)</u>	<u>78,996</u>
Change in net assets	2,861,265	2,553,804
Net Assets, beginning of year	<u>11,484,331</u>	<u>8,930,527</u>
Net Assets, end of year	<u>\$ 14,345,596</u>	<u>\$ 11,484,331</u>

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020



	2021			2020		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Salaries, taxes and benefits	\$ 5,014,765	\$ 1,096,058	\$ 6,110,823	\$ 4,288,373	\$ 1,139,313	\$ 5,427,686
Data center, software support and licensing	680,011	146,534	826,545	413,728	141,521	555,249
Registration fees, related party (Note 6)	273,080	-	273,080	270,375	-	270,375
Professional fees	10,997	258,961	269,958	9,372	299,398	308,770
Product training, development and outreach	195,295	45,498	240,793	285,758	32,779	318,537
Service fees	-	178,002	178,002	-	148,523	148,523
Consulting	215,532	7,656	223,188	110,962	4,005	114,967
Facilities	95,286	23,847	119,133	153,361	45,683	199,044
Depreciation	56,596	13,603	70,199	92,092	24,206	116,298
Supplies	41,608	23,054	64,662	29,752	19,696	49,448
Dues and subscriptions	-	51,735	51,735	-	47,199	47,199
Insurance	19,869	4,775	24,644	22,153	5,823	27,976
Miscellaneous	-	21,276	21,276	4,586	11,206	15,792
Travel, meetings and conferences	8,917	10,169	19,086	58,324	33,455	91,779
Bad debt expense	-	2,034	2,034	-	79,623	79,623
Total expenses	\$ 6,611,956	\$ 1,883,202	\$ 8,495,158	\$ 5,738,836	\$ 2,032,430	\$ 7,771,266

See accompanying notes to the financial statements and independent auditors' report.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020



	2021	2020 (As Adjusted)
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,861,265	\$ 2,553,804
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	70,199	116,298
Bad debt expense	2,034	79,623
Loss on disposal of property and equipment	-	21,129
Net realized and unrealized gain on investments	(13,403)	(53,923)
Non-cash interest income	(8,250)	(8,250)
Change in operating assets and liabilities:		
Accounts and grants receivable	(160,292)	(1,126,751)
Prepaid expenses	22,180	(39,869)
Security deposits	(2,938)	6,923
Accounts payable and accrued expenses	211,050	683,385
Deferred revenue	1,576	(4,152)
Net cash provided by operating activities	<u>2,983,421</u>	<u>2,228,217</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(14,840)	(66,855)
Proceeds from sale of property and equipment	2,396	2,314
Purchases of investments	(386,472)	(527,674)
Proceeds from sale and redemption of investments	353,528	489,826
Net cash used by investing activities	<u>(45,388)</u>	<u>(102,389)</u>
Net Increase in Cash and Restricted Cash	2,938,033	2,125,828
Cash and Restricted Cash, beginning of year	<u>6,944,544</u>	<u>4,818,716</u>
Cash and Restricted Cash, end of year	<u>\$ 9,882,577</u>	<u>\$ 6,944,544</u>
Reconciliation to Statements of Financial Position:		
Cash	\$ 9,847,045	\$ 6,840,513
Restricted cash	35,532	104,031
Cash and Restricted Cash, end of year	<u>\$ 9,882,577</u>	<u>\$ 6,944,544</u>

See accompanying notes to the financial statements and independent auditors' report.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



1. Nature of Operations

Publishers International Linking Association, Inc. (the Association), a non-profit 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 Company provides services through a distributed workforce model with employees located in the United States (US), England, Guernsey, France, 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.

Accounting Pronouncement Adopted

Effective January 1, 2021, the Association adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606* and applied them retrospectively to the year ended December 31, 2020 presentation. As a result of adopting ASU 2018-18, net assets as of January 1, 2020 increased by \$25,035, contributions with donor restrictions and change in net assets for the year ended December 31, 2020 increased by \$78,996, net assets released from restrictions and program expenses for the year ended December 31, 2021 increased by \$69,499, and contributions with donor restrictions and change in net assets for the year ended December 31, 2021 increased by \$1,000.

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.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



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 \$101,500 and \$146,400 as of December 31, 2021 and 2020, 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.

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 statements of activities. Purchases and sales of securities are recorded on the trade date.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



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.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



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.

Event Registration Fees

Revenue is recognized when the event takes place.

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, 2021 and 2020 was approximately \$14,900 and \$13,100, respectively.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



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.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*, which was later delayed to be effective for annual periods commencing after December 15, 2021. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statements of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statements of activities. This standard is effective for the Association's year ending December 31, 2022.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

Subsequent Events

Management of the Association has evaluated subsequent events through August 24, 2022, 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:

	2021	2020
<u>Financial assets:</u>		
Cash and restricted cash	\$ 9,882,577	\$ 6,944,544
Accounts and grants receivable, net	3,713,652	3,555,394
Investments	1,970,148	1,923,801
Financial assets, end of year	<u>15,566,377</u>	<u>12,423,739</u>
<u>Less those unavailable for general expenditure within one year:</u>		
Investments designated for long-term needs	1,970,148	1,923,801
Purpose restrictions	58,875	104,031
Financial assets available to meet general expenditure needs within one year	<u>\$ 13,537,354</u>	<u>\$ 10,395,907</u>

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

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



4. Performance Obligations and Disaggregation of Revenue

Revenue from performance obligations satisfied at a point in time consists of content registration, document check and event registration fees. 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. Event registration fees are earned when the related event takes place. Invoices for these services are processed quarterly or annually in arrears with payment terms of 45 days from invoice date.

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:

	<u>2021</u>	<u>2020</u>
Performance obligations satisfied at a point in time	\$ 7,112,699	\$ 6,484,425
Performance obligations satisfied over time	<u>4,013,717</u>	<u>3,661,558</u>
Total	<u>\$ 11,126,416</u>	<u>\$ 10,145,983</u>

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

Accounts receivable, net and deferred revenue as of December 31, 2019 totaled \$2,508,266 and \$153,169, 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 the 15% (20% in 2020) 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.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



The program activity for the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
Program billings to members	\$ 1,852,196	\$ 1,589,386
Fee due Turnitin (80%)	1,481,757	1,271,509
Credits received from Turnitin	<u>(322,567)</u>	<u>(149,612)</u>
Payment due Turnitin	<u>1,159,190</u>	<u>1,121,897</u>
Document check fees revenue	<u>\$ 693,006</u>	<u>\$ 467,489</u>

Program billings of \$1,852,196 and \$1,589,386 are included in accounts and grants receivable on the accompanying statements of financial position at December 31, 2021 and 2020, respectively. The payment due to Turnitin of \$1,159,190 and \$1,121,897 is included in accounts payable and accrued expenses on the accompanying statements of financial position at December 31, 2021 and 2020, 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 \$273,080 and \$270,375 for the years ended December 31, 2021 and 2020, respectively.

Prepaid registration fees representing the Association's annual registration dues for future periods were \$137,904 and \$136,540 at December 31, 2021 and 2020, respectively, and are included in prepaid expenses on the accompanying statements of financial position.

Research Organization Registry

Pursuant to a Memorandum of Agreement, 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.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



During 2021 and 2020, the Association collected private funding on behalf of ROR of approximately \$1,000 and \$79,000, respectively, recorded as contributions with donor restrictions. During 2021, the Association paid expenses of approximately \$69,500 on behalf of ROR. The Association did not pay expenses on behalf of ROR during 2020. Cash held on behalf of ROR of approximately \$35,500 and \$104,000 is recorded as restricted cash as of December 31, 2021 and 2020, respectively, on the accompanying statements of financial position.

7. Property and Equipment

Property and equipment consisted of the following:

	2021	2020
Computer software and equipment	\$ 1,896,906	\$ 1,925,232
Furniture and fixtures	98,240	98,582
	<u>1,995,146</u>	<u>2,023,814</u>
Less accumulated depreciation	1,917,417	1,888,330
Property and equipment, net	<u>\$ 77,729</u>	<u>\$ 135,484</u>

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.

During 2020, the Association sold a computer which had an original cost of \$2,781 and accumulated depreciation of \$467. Net proceeds from the sale amounted to \$2,314, resulting in no gain or loss on the sale. The Association also disposed of property and equipment with an original cost of \$1,599,607 and accumulated depreciation of \$1,578,478, resulting in a loss on disposal of \$21,129.

PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020



8. Investments

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

	2021	2020
<u>Level 1</u>		
Cash and cash equivalents	\$ 3,789	\$ 18,415
Marketable securities:		
Common stock:		
Communication services	13,298	16,113
Consumer discretionary	28,772	20,942
Consumer staples	31,149	26,189
Energy	7,793	5,822
Financial	47,045	34,800
Healthcare	34,584	30,647
Industrial	28,822	23,795
Information technology	73,669	56,048
Materials	10,702	8,421
Utilities	16,916	15,174
REITs	19,737	11,845
Total level 1	316,276	268,211
<u>Level 2</u>		
Certificates of deposit	1,653,872	1,655,590
 Total	 \$ 1,970,148	 \$ 1,923,801

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%. At December 31, 2020, the Association's certificates of deposit mature at various dates through October 2025 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:

	2021	2020
Dividend and interest income	\$ 62,125	\$ 82,328
Net realized and unrealized gain	13,403	53,923
Investment expenses	(4,325)	(3,368)
 Total	 \$ 71,203	 \$ 132,883

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9. Note Receivable

The Association has a \$300,000 note receivable agreement dated June 5, 2013 (the Agreement) with ORCID, Inc. (ORCID). In accordance with the terms of the Agreement, interest is charged daily on the unpaid principal balance at a rate of 2.75% per annum. Payment of the outstanding principal and accrued interest is due June 2023. The outstanding principal balance was \$300,000 at December 31, 2021 and 2020. Accrued interest receivable was \$70,125 and \$61,875 at December 31, 2021 and 2020, respectively, and is included in note receivable, including accrued interest on the accompanying statements of financial position.

10. Net Assets With Donor Restrictions

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

	2021	2020
Subject to expenditure for a specific purpose:		
ROR	\$ 35,532	\$ 104,031
Grant registration improvements	23,343	-
	<u>\$ 58,875</u>	<u>\$ 104,031</u>
Total net assets with donor restrictions	<u>\$ 58,875</u>	<u>\$ 104,031</u>

11. Retirement Plan Expense

The Association sponsors contribution plans for its employees in the US, England, Guernsey, France, Ireland, Germany, and Kenya.

The Association sponsors a defined contribution retirement plan for US employees meeting certain eligibility requirements in accordance with Section 401(k) of the IRC. US employee contributions are limited by IRS limitations. The Association provides a matching contribution of 100% of the participant's first 3% of eligible compensation and 50% of the participant's next 2% of eligible compensation and a discretionary profit-sharing contribution of 6%. For the years ended December 31, 2021 and 2020, the Association contributed approximately \$224,700 and \$219,200, respectively, of which approximately \$138,900 and \$138,800 is included in accounts payable and accrued expenses on the accompanying statements of financial position at December 31, 2021 and 2020, respectively.

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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 \$193,900 and \$148,700 for the years ended December 31, 2021 and 2020, 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 employee's annual salary. In addition, the Association also made a 3.75% discretionary contribution to one eligible employee for 2021 and 2020. For the years ended December 31, 2021 and 2020, the Association contributed pension contributions of approximately \$46,500 and \$49,900, 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 2021 and 2020. For the years ended December 31, 2021 and 2020, the Association contributed pension contributions of approximately \$9,600 and \$7,800, 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, 2021 and 2020, the Association contributed pension contributions of approximately \$10,400 and \$5,500, respectively.

Beginning in 2021, 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 totaling approximately \$1,300 for the year ended December 31, 2021.

12. Commitments

Operating Leases

The Association leased office space in Lynnfield, Massachusetts. The lease provided for a base rent, adjusted annually, based on the consumer price index. The monthly rental payments, which included a pro-rata share of real estate taxes and other operating costs, were approximately \$8,100, plus utilities through the end of the lease term. The lease expired on October 31, 2020 and was not renewed.

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On September 1, 2021, the Association entered into a new lease for office space in Lynnfield, Massachusetts. The lease requires monthly rental payments, which include a pro-rata share of real estate taxes and other operating costs, of approximately \$3,200 through August 2022, 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 has annual lease agreements to lease office space in the United Kingdom requiring monthly payments of approximately \$8,400 through July 2020 and approximately \$8,200 through July 2022. Management intends to renew the lease prior to termination.

Total rent expense under these operating leases was approximately \$113,800 and \$181,500 for the years ended December 31, 2021 and 2020, respectively.

Approximate future minimum payments under these operating leases are as follows:

<u>Year Ending</u>	
2022	\$ 95,700
2023	39,500
2024	40,700
2025	41,800
2026	28,400
	<hr/>
Total	<u>\$ 246,100</u>

Service Agreements

Verizon

The Association entered into a service agreement with Verizon to provide resources for the operation of the Crossref system through December 2022. The Association pays a base monthly recurring charge of approximately \$2,800 plus additional excess usage charges. If the agreement is terminated prior to the expiration period, the Association will be subject to an early termination penalty equal to 75% of the remaining monthly recurring charges through the commitment period. Fees related to the Verizon agreement were approximately \$37,600 and \$18,900 for the years ended December 31, 2021 and 2020, respectively. Minimum future annual payments required under this contract are approximately \$33,600 for the year ending December 31, 2022.

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Equinix

The Association entered into a service agreement with Equinix to provide resources for the operation of the Crossref system through April 2023. The Association pays a base monthly recurring charge of approximately \$7,300. Fees related to the Equinix agreement were approximately \$82,400 and \$70,000 for the years ended December 31, 2021 and 2020, respectively. Minimum future annual payments required under this contract are approximately \$87,600 and \$29,200 for the years ending December 31, 2022 and 2023, respectively.

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 \$7,200 for the year ended December 31, 2021. Minimum future annual payments required under this contract are approximately \$15,600, \$15,600, and \$7,800 for the years ending December 31, 2022, 2023, and 2024, respectively.

13. 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 and certificates of deposit balances may exceed this limit. Cash and certificates of deposit balances in excess of \$250,000 are generally uninsured.

There was no accounts receivable concentration as of December 31, 2021 and 2020. Management does not believe significant credit risk exists at year end.

One vendor (Note 5) accounted for approximately 80% and 89% of the Association's accounts payable as of December 31, 2021 and 2020, respectively.

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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.