

**PUBLISHERS INTERNATIONAL LINKING  
ASSOCIATION, INC.**

**Financial Statements**

**Years Ended December 31, 2023 and 2022**

**(With Independent Auditors' Report Thereon)**

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2023 and 2022**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

## 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 not-for-profit organization) (the Association), which comprise the statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 within 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 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 8, 2024

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2023 and 2022**



	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets:		
Cash	\$ 6,729,489	\$ 7,572,075
Restricted cash	60,294	68,323
Accounts and grants receivable, net	5,627,914	4,419,023
Note receivable, including accrued interest	-	378,375
Prepaid expenses	451,236	386,850
<b>Total current assets</b>	<b><u>12,868,933</u></b>	<b><u>12,824,646</u></b>
Property and equipment, net	<u>9,621</u>	<u>11,136</u>
Other Assets:		
Right-of-use asset - operating lease, net	115,001	157,048
Investments, at fair value	9,855,398	6,246,475
Intangible asset	175,000	-
Security and other deposits	140,779	22,386
<b>Total other assets</b>	<b><u>10,286,178</u></b>	<b><u>6,425,909</u></b>
<b>Total Assets</b>	<b><u>\$ 23,164,732</u></b>	<b><u>\$ 19,261,691</u></b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of operating lease payable	\$ 42,937	\$ 41,210
Accounts payable and accrued expenses	3,722,223	2,494,977
Deferred revenue	205,841	137,250
<b>Total current liabilities</b>	<b><u>3,971,001</u></b>	<b><u>2,673,437</u></b>
Operating Lease Payable, less current portion	<u>71,434</u>	<u>114,371</u>
<b>Total liabilities</b>	<b><u>4,042,435</u></b>	<b><u>2,787,808</u></b>
Net Assets:		
Without donor restrictions:		
Undesignated	9,206,605	10,159,085
Board designated, long-term needs	9,855,398	6,246,475
<b>Total without donor restrictions</b>	<b><u>19,062,003</u></b>	<b><u>16,405,560</u></b>
With donor restrictions:		
Purpose restrictions	60,294	68,323
<b>Total with donor restrictions</b>	<b><u>60,294</u></b>	<b><u>68,323</u></b>
<b>Total net assets</b>	<b><u>19,122,297</u></b>	<b><u>16,473,883</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 23,164,732</u></b>	<b><u>\$ 19,261,691</u></b>

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2023 and 2022**



	<u>2023</u>	<u>2022</u>
Change in Net Assets without Donor Restrictions:		
Revenue and support:		
Content registration fees	\$ 6,877,379	\$ 6,443,126
Membership and subscriber fees	4,390,597	4,267,064
Document check fees	776,656	785,795
Grant revenue	79,026	136,726
Contributions	192,204	-
Net assets released from restrictions	68,323	23,996
<b>Total revenue and support</b>	<b><u>12,384,185</u></b>	<b><u>11,656,707</u></b>
Expenses:		
Program expenses	7,992,792	7,125,713
General and administrative expenses	2,263,966	2,022,426
<b>Total expenses</b>	<b><u>10,256,758</u></b>	<b><u>9,148,139</u></b>
<b>Change in net assets from operations</b>	<b>2,127,427</b>	<b>2,508,568</b>
Other income (expenses):		
Investment return	546,034	(348,507)
Foreign currency exchange loss, net	(17,018)	(32,120)
Loss on disposal of property and equipment	-	(9,102)
<b>Total other income (expenses)</b>	<b><u>529,016</u></b>	<b><u>(389,729)</u></b>
<b>Change in net assets without donor restrictions</b>	<b>2,656,443</b>	<b>2,118,839</b>
Change in Net Assets with Donor Restrictions:		
Contributions	60,294	33,444
Net assets released from restrictions	(68,323)	(23,996)
<b>Change in net assets with donor restrictions</b>	<b><u>(8,029)</u></b>	<b><u>9,448</u></b>
<b>Change in net assets</b>	<b>2,648,414</b>	<b>2,128,287</b>
<b>Net Assets, beginning of year</b>	<b><u>16,473,883</u></b>	<b><u>14,345,596</u></b>
<b>Net Assets, end of year</b>	<b><u>\$ 19,122,297</u></b>	<b><u>\$ 16,473,883</u></b>

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2023 and 2022**



	<b>2023</b>			<b>2022</b>		
	<b>Program</b>	<b>General and Administrative</b>	<b>Total</b>	<b>Program</b>	<b>General and Administrative</b>	<b>Total</b>
Salaries, taxes and benefits	\$ 5,614,555	\$ 1,293,693	\$ 6,908,248	\$ 5,290,320	\$ 1,118,875	\$ 6,409,195
Data center, software support and licensing	1,236,041	147,284	1,383,325	915,287	145,104	1,060,391
Consulting	285,538	30,557	316,095	212,113	30,755	242,868
Travel, meetings and conferences	185,743	119,994	305,737	49,479	24,937	74,416
Professional fees	11,483	283,233	294,716	498	313,033	313,531
Registration fees, related party (Note 6)	278,566	-	278,566	275,808	-	275,808
Product training, development and outreach	213,599	40,469	254,068	165,809	40,765	206,574
Service fees	-	205,556	205,556	-	188,719	188,719
Facilities	69,943	19,811	89,754	95,098	24,303	119,401
Supplies	61,563	17,403	78,966	56,948	20,793	77,741
Dues and subscriptions	-	54,600	54,600	-	54,200	54,200
Credit loss expense	-	42,540	42,540	-	46,142	46,142
Depreciation	10,951	2,703	13,654	41,134	9,460	50,594
Insurance	24,682	6,092	30,774	21,851	5,025	26,876
Miscellaneous	128	31	159	1,368	315	1,683
<b>Total expenses</b>	<b>\$ 7,992,792</b>	<b>\$ 2,263,966</b>	<b>\$ 10,256,758</b>	<b>\$ 7,125,713</b>	<b>\$ 2,022,426</b>	<b>\$ 9,148,139</b>

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

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2023 and 2022**



	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,648,414	\$ 2,128,287
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,654	50,594
Amortization of right-of-use asset - operating lease	42,047	41,497
Credit loss expense	42,540	46,142
Loss on disposal of property and equipment	-	9,102
Net realized and unrealized (gain) loss on investments	(195,442)	452,642
Non-cash interest income	-	(8,250)
Change in operating assets and liabilities:		
Accounts and grants receivable	(1,251,431)	(751,513)
Accrued interest receivable	78,375	-
Prepaid expenses	(64,386)	20,658
Security and other deposits	(118,393)	(9,746)
Operating lease payable	(41,210)	(39,510)
Accounts payable and accrued expenses	1,227,246	553,333
Deferred revenue	68,591	(13,343)
<b>Net cash provided by operating activities</b>	<b><u>2,450,005</u></b>	<b><u>2,479,893</u></b>
Cash Flows from Investing Activities:		
Repayment of note receivable	300,000	-
Purchase of property and equipment	(12,139)	-
Proceeds from sale of property and equipment	-	6,897
Purchases of investments	(7,272,569)	(4,935,235)
Proceeds from sale and redemption of investments	3,859,088	206,266
Purchase of intangible asset	(175,000)	-
<b>Net cash used by investing activities</b>	<b><u>(3,300,620)</u></b>	<b><u>(4,722,072)</u></b>
<b>Net Decrease in Cash and Restricted Cash</b>	<b>(850,615)</b>	<b>(2,242,179)</b>
<b>Cash and Restricted Cash, beginning of year</b>	<b><u>7,640,398</u></b>	<b><u>9,882,577</u></b>
<b>Cash and Restricted Cash, end of year</b>	<b><u>\$ 6,789,783</u></b>	<b><u>\$ 7,640,398</u></b>
Reconciliation to Statements of Financial Position:		
Cash	\$ 6,729,489	\$ 7,572,075
Restricted cash	60,294	68,323
<b>Cash and Restricted Cash, end of year</b>	<b><u>\$ 6,789,783</u></b>	<b><u>\$ 7,640,398</u></b>

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, 2023 and 2022**



**1. Nature of Operations**

Publishers International Linking Association, Inc. (the Association), a not-for-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 Association provides services through a distributed workforce model with employees located in the United States (U.S.), Austria, Canada, England, France, Germany, Guernsey, Indonesia, Ireland, Kenya, the Netherlands, Nigeria, and Spain.

**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.

***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.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



***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 investment return, 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 stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

A receivable is considered past due if payment has not been received within stated terms. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses. As of December 31, 2023 and 2022, the Association had an allowance for credit losses of approximately \$162,800 and \$156,000, respectively. The Association does not accrue interest on past due or long-term receivables.

***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.

***Impairment of Long-lived Assets***

The Association evaluates long-lived assets held and used by the Association for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the value of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Association did not record any impairment losses during the years ended December 31, 2023 and 2022.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



***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 statements of financial position.

The Association has elected to apply the short-term lease exemption to certain office and storage spaces. 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 2023 and 2022 were approximately \$40,000 and \$67,800, respectively. As of December 31, 2023, all short-term leases are month-to-month.

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.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



***Investments***

Investments are recorded at fair value, with changes in fair value recorded in changes in net assets without donor restrictions. 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.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



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.

***Intangible Asset***

The intangible asset consists of the Retraction Watch database acquired from the Center for Scientific Integrity, Inc. (CSI) (Note 12). The intangible asset has an indefinite useful life and is tested at least annually for impairment. Impairment exists if the carrying value of the asset exceeds the fair value of the asset. As of December 31, 2023, the Association believes no triggering events have occurred and no impairment to the intangible asset exists.

***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.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



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 same 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, 2023 and 2022 was approximately \$92,800 and \$59,600, 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 general and administrative. Natural operating expenses which benefit more than one function are allocated based on salaries or the percent of occupied space.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



***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.

***Reclassifications***

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 financial statement presentation.

***Subsequent Events***

Management of the Association has evaluated subsequent events through August 8, 2024, 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:

	2023	2022
<u>Financial assets:</u>		
Cash and restricted cash	\$ 6,789,783	\$ 7,640,398
Accounts and grants receivable, net	5,627,914	4,419,023
Note receivable, including accrued interest	-	378,375
Investments	9,855,398	6,246,475
Financial assets, end of year	<u>22,273,095</u>	<u>18,684,271</u>
<u>Less those unavailable for general expenditure within one year:</u>		
Investments designated for long-term needs	9,855,398	6,246,475
Purpose restrictions	60,294	68,323
Financial assets available to meet general expenditure needs within one year	<u>\$ 12,357,403</u>	<u>\$ 12,369,473</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, 2023 and 2022**



**4. Performance obligations and Disaggregation of Revenue**

Revenue from performance obligations satisfied at a point in time consists of content registration, document check fees 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:

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied at a point in time	\$ 7,733,061	\$ 7,365,647
Performance obligations satisfied over time	<u>4,390,597</u>	<u>4,267,064</u>
Total	<u>\$ 12,123,658</u>	<u>\$ 11,632,711</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 and grants receivable, net and deferred revenue as of January 1, 2022 totaled approximately \$3,713,700 and \$150,600, 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 through 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. 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, 2023 and 2022**



The program activity for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Program billings to members	\$ 3,614,158	\$ 2,552,355
Fee due Turnitin (80%)	2,891,326	2,041,884
Credits received from Turnitin	(53,824)	(275,324)
Payment due Turnitin	<u>2,837,502</u>	<u>1,766,560</u>
Document check fees revenue	<u>\$ 776,656</u>	<u>\$ 785,795</u>

Program billings of \$3,614,158 and \$2,552,355 are included in accounts and grants receivable on the accompanying statements of financial position at December 31, 2023 and 2022, respectively. The payment due to Turnitin of \$2,837,502 and \$1,766,560 is included in accounts payable and accrued expenses on the accompanying statements of financial position at December 31, 2023 and 2022, 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 approximately \$278,600 and \$275,800 for the years ended December 31, 2023 and 2022, respectively.

Prepaid registration fees, representing the Association's annual registration dues for future periods, were approximately \$140,500 and \$139,300 at December 31, 2023 and 2022, 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.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



During 2023 and 2022, the Association collected private funding on behalf of ROR of approximately \$252,500 and \$33,400, respectively, recorded as contributions on the accompanying statements of activities. During 2023 and 2022, the Association incurred expenses of approximately \$260,500 and \$700, respectively, on behalf of ROR. Cash held on behalf of ROR of approximately \$60,300 and \$68,300 is recorded as restricted cash and net assets with donor restrictions as of December 31, 2023 and 2022, respectively, on the accompanying statements of financial position.

**7. Property and Equipment**

Property and equipment consisted of the following:

	2023	2022
Equipment	\$ 1,858,215	\$ 1,846,203
Furniture and fixtures	36,580	36,580
	1,894,795	1,882,783
Less accumulated depreciation	1,885,174	1,871,647
Property and equipment, net	<u>\$ 9,621</u>	<u>\$ 11,136</u>

During 2023, the Association disposed of fully depreciated equipment with an original cost of \$127. 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.

**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. Management is not certain it will exercise its extension option.

The Association leased office space in England under agreements which were cancellable by either party with 3-months' notice; therefore, they were considered short-term leases. The leases required monthly payments of approximately \$5,000 through January 2023 and then \$3,200 through November 2023, when the leases were terminated.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



The related cost of the ROU asset and accumulated amortization at December 31, 2023 and 2022 were as follows:

	2023	2022
Right-of-use asset – operating lease:		
Facilities	\$ 198,545	\$ 198,545
Less: accumulated amortization	83,544	41,497
	<u>\$ 115,001</u>	<u>\$ 157,048</u>

The components of lease cost for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Lease Cost:		
Operating lease cost	\$ 43,922	\$ 43,921
Short-term lease cost	40,113	67,829
	<u>\$ 84,035</u>	<u>\$ 111,750</u>

Other Information:

Cash paid for amounts included in the measurement of operating lease liability:

Operating cash flows	\$ 43,085	\$ 41,934
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Weighted average remaining lease term	2.67 years	3.67 years
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Weighted average discount rate	1.37%	1.37%
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Future minimum lease payments under the noncancellable operating lease as of December 31, 2023 were as follows:

Year Ending December 31,

2024	\$ 44,237
2025	45,388
2026	26,869
Total future minimum lease payments	<u>116,494</u>
Less imputed interest	<u>2,123</u>
	114,371
Less current portion of operating lease payable	<u>42,937</u>
Operating lease payable, less current portion	<u>\$ 71,434</u>

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



**9. Investments**

Investments are reported in the statements of financial position at fair value and are comprised of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<u>Level 1</u>		
Cash and cash equivalents	\$ 12,049	\$ 23,522
Marketable securities:		
Common stock:		
Communication services	9,281	8,828
Consumer discretionary	23,437	25,839
Consumer staples	34,930	32,015
Energy	12,937	12,019
Financial	47,261	38,212
Healthcare	31,466	37,544
Industrial	44,787	24,626
Information technology	50,031	56,080
Materials	9,673	10,846
Utilities	13,041	15,070
MLPs/Energy infrastructure	4,305	2,363
REITs	10,416	14,351
Total level 1	<u>303,614</u>	<u>301,315</u>
<u>Level 2</u>		
Certificates of deposit	<u>9,551,784</u>	<u>5,945,160</u>
 Total	 <u>\$ 9,855,398</u>	 <u>\$ 6,246,475</u>

At December 31, 2023, the Association's certificates of deposit mature at various dates through September 2028 and earn interest at rates ranging from 0.60% to 5.55%. 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%. Certificates of deposit are held to maturity.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



Investment return is summarized as follows:

	2023	2022
Interest income – cash and note receivable	\$ 198,203	\$ 27,214
Dividend and interest income – investments	156,768	81,358
Net realized and unrealized gain (loss)	195,442	(452,642)
Investment expenses	(4,379)	(4,437)
Total	<u>\$ 546,034</u>	<u>\$ (348,507)</u>

**10. Note Receivable**

The Association had a note receivable from ORCID, Inc. due by June 30, 2023. In accordance with the terms of the agreement, interest was charged on the unpaid principal balance at a rate of 2.75% per annum. Payment of the outstanding principal plus accrued interest was received on July 3, 2023. The outstanding principal balance of \$300,000, plus accrued interest receivable of \$78,375 at December 31, 2022 is reported as note receivable, including accrued interest on the accompanying 2022 statement of financial position.

**11. 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 each the years ended December 31, 2023 and 2022, the Association contributed approximately \$225,900, of which approximately \$130,800 and \$139,600 is included in accounts payable and accrued expenses on the accompanying statements of financial position at December 31, 2023 and 2022, 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 \$228,200 and \$187,400 for the years ended December 31, 2023 and 2022, respectively.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



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 2023 and 2022. For the years ended December 31, 2023 and 2022, the Association made contributions of approximately \$44,600 and \$44,300, respectively.

Thirteen employees located outside of the U.S. participate in defined contribution schemes as is typical in those locations and as may be regulated by the local government. The schemes and the assets are held by independent managers. Most schemes are participatory and all require mandatory contributions by the Association ranging from 2% to 15.7% of employees' salary up to specified limits. In addition, certain of the schemes allow for the Association to make discretionary matching contributions. For the years ended December 31, 2023 and 2022, the Association made contributions of approximately \$34,200 and \$22,300, respectively, to these schemes, including discretionary contributions ranging from 3.75% to 10% of eligible employee's salary.

## **12. Commitments**

### ***Service Agreements***

#### **Verizon**

The Association maintains a service agreement with Verizon to provide resources for the operation of the Crossref system. The agreement expired in December 2022 and continues with month-to-month terms thereafter. The Association pays a base monthly recurring charge of approximately \$4,000, plus additional excess usage charges. The Association maintained a second service agreement with Verizon requiring a base monthly recurring charge of approximately \$400 through April 2023. Fees related to the Verizon agreements were approximately \$47,600 and \$45,000 for the years ended December 31, 2023 and 2022, respectively.

#### **Equinix**

The Association maintains a service agreement with Equinix to provide resources for the operation of the Crossref system through April 2024, with annual renewal terms thereafter. The Association pays a base monthly recurring charge of approximately \$13,500 through April 2023 and then \$14,200 thereafter. Fees related to the Equinix agreement were approximately \$168,700 and \$119,900 for the years ended December 31, 2023 and 2022, respectively.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



Crown Castle

The Association maintains a service agreement with Crown Castle 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 for each of the years ended December 31, 2023 and 2022. Minimum future annual payments required under this contract are approximately \$7,700 for the year ending December 31, 2024.

The Center for Scientific Integrity, Inc.

The Association entered into a three-year service agreement with CSI effective August 2023, to provide services to Crossref related to the operation of its Retraction Watch database through October 2026, with an optional two-year renewal. The Association pays an annual service fee of \$120,000, which increases by 5% annually. Fees related to the CSI agreement were approximately \$20,000 for the year ended December 31, 2023. Prepaid expenses on the accompanying 2023 statement of financial position includes prepaid service fees of \$100,000 related to the CSI agreement. Minimum future annual payments required under this contract are approximately \$121,000, \$127,100 and \$110,200 for the years ending December 31, 2024, 2025 and 2026, respectively.

**13. Concentrations of Risk**

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 and investments. 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.

One customer accounted for approximately 12% of sales for the year ended December 31, 2023.

Two customers accounted for approximately 25% of the Association's accounts and grants receivable as of December 31, 2023. One customer accounted for approximately 14% of the Association's accounts and grants receivable as of December 31, 2022. Management does not believe significant credit risk exists at year end.

One vendor (Note 5) accounted for approximately 88% and 71% of the Association's accounts payable as of December 31, 2023 and 2022, respectively.

**PUBLISHERS INTERNATIONAL LINKING ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**



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.