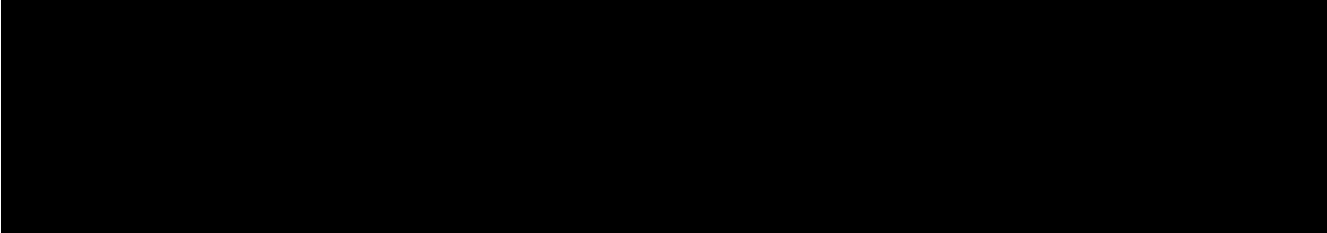


FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Board of Directors
American College of Lifestyle Medicine
Chesterfield, Missouri

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

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

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 American College of Lifestyle Medicine 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.

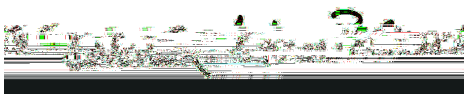
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the pre

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



St. Louis, Missouri
August 14, 2023

STATEMENTS OF FINANCIAL POSITION

	<u>2021</u>
Cash and equivalents	\$ 2,583,729
Investments	2,217,632
Accounts receivable	84,324
Prepaid expenses	17,918
Intangible assets	<u>172,121</u>
	<u>\$ 5,075,724</u>
Accounts payable and accrued liabilities	\$ 407,077
Deferred dues membership, CRT, LMRC	<u>832,762</u>
	<u>1,239,839</u>
Net assets without donor restrictions	3,484,149
Net assets with donor restrictions	<u>351,736</u>
	<u>3,835,885</u>
	<u>\$ 5,075,724</u>

Conference and educational events
Trainee income
Online medical education income

STATEMENT OF ACTIVITIES

Conference and educational events	\$ 1,257,702	\$ -	\$ 1,257,702
Online medical education income	1,689,424	-	1,689,424
Other curriculum education and certification	801,703	-	801,703
Advocacy and patient education income	245,879	-	245,879
Membership support	8,994	-	8,994
Donations and grant income	1,054,700	443,833	1,498,533
Membership dues	1,105,179	-	1,105,179
Net investment income	52,906	-	52,906
Change in unrealized gain on investments	(23,150)	-	(23,150)
PPP loan forgiveness	138,036	-	138,036
Net assets released from restrictions:			
Satisfaction of donor restrictions	399,311	(399,311)	-
	6,730,684	44,522	6,775,206
Program services	4,038,680	-	4,038,680
Support services	921,358	-	921,358
	4,960,038	-	4,960,038
	1,770,646	44,522	1,815,168
	1,713,503	307,214	2,020,717
	\$ 3,484,149	\$ 351,736	\$ 3,835,885

Payroll taxes

Curriculum development and maintenance

Depreciation and amortization

Event expenses

Miscellaneous

Office expenses

Other education expenses

Professional fees

Scholarships and grants

Travel, meals, and entertainment

Website and mobile application

STATEMENT OF FUNCTIONAL EXPENSES

Salaries and contract wages	\$ 665,351	\$ 103,880	\$ 530,133	\$ 368,903	\$ -	\$ 1,668,267	\$ 288,583	\$ 55,100	\$ 343,683	\$ 2,011,950
Payroll taxes	53,269	6,556	36,491	29,193	-	125,509	17,195	4,471	21,666	147,175
Employee benefits	-	-	-	-	-	-	247,870	-	247,870	247,870
	718,620	110,436	566,624	398,096	-	1,793,776	553,648	59,571	613,219	2,406,995
Advertising, marketing, and public relations	239,446	-	-	-	-	239,446	-	-	-	239,446
Advocacy and research expenses	-	-	368,585	-	28,060	396,645	-	-	-	396,645
American Journal of Lifestyle Medicine	-	-	-	119,670	-	119,670	-	-	-	119,670
Credit card fees	-	-	-	-	-	-	118,604	-	118,604	118,604
Curriculum development and maintenance	1,004,925	-	-	-	-	1,004,925	-	-	-	1,004,925
Depreciation and amortization	36,554	-	9,475	-	-	46,029	-	-	-	46,029
Event expenses	235,215	-	-	-	-	235,215	-	-	-	235,215
Miscellaneous	1,196	4,530	-	25,053	-	30,779	7,680	-	7,680	38,459
Office expenses	7,542	-	-	6,986	-	14,528	124,878	-	124,878	139,406
Other education expenses	17,286	119	-	-	-	17,405	-	-	-	17,405
Professional fees	32,122	-	-	-	-	32,122	52,192	-	52,192	84,314
Scholarships and grants	-	22,937	-	-	-	22,937	-	-	-	22,937
Travel, meals, and entertainment	872	-	-	-	-	872	4,785	-	4,785	5,657
Website and mobile application	30,052	-	-	53,471	808	84,331	-	-	-	84,331
	<u>\$ 2,323,830</u>	<u>\$ 138,022</u>	<u>\$ 944,684</u>	<u>\$ 603,276</u>	<u>\$ 28,868</u>	<u>\$ 4,038,680</u>	<u>\$ 861,787</u>	<u>\$ 59,571</u>	<u>\$ 921,358</u>	<u>\$ 4,960,038</u>

STATEMENTS OF CASH FLOWS

	<u>2021</u>
Change in net assets	\$ 1,815,168
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	46,029
Donated securities	(588,397)
Investment (gain) loss, net	(12,432)
Effects of changes in:	
Accounts receivable	(69,324)
Prepaid expenses	(17,918)
Accounts payable and accrued liabilities	(41,361)
Deferred membership dues	198,144
	<u>1,329,909</u>
Purchase of investments	(1,780,140)
Proceeds from sales of investments	268,027
Purchase of intangible assets	(130,750)
	<u>(1,642,863)</u>
	(312,954)
	<u>2,896,683</u>
	<u><u>\$ 2,583,729</u></u>

NOTES TO FINANCIAL STATEMENTS

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and equivalents include all bank account balances and short-term investments with an original maturity of three months or less. ACLM maintains certain cash and equivalent balances in financial institutions in the metropolitan St. Louis area, which provide Federal Deposit Insurance Corporation (FDIC) coverage on the first \$250,000 at each bank. ACLM also maintains balances in money market funds with financial services providers which provide Securities Investor Protection Corporation (SIPC) coverage on the first \$500,000 at each brokerage firm. At times, such balances may exceed coverage limits. At December 31, 2022, approximately \$1,449,000 was uninsured.

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on management's assessment of collection history, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Investments are reported at fair value based on quoted market prices. Gains or losses on sales of investments are determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Intangible assets consist of internally developed curricula and videos with useful lives greater than one year. Intangible assets are recorded at cost and are amortized straight-line over useful lives of 2-4 years. Accumulated amortization as of December 31, 2022 and 2021 was \$250,635 and \$60,103, respectively.

NOTES TO FINANCIAL STATEMENTS

ACLM records revenue based on a five-step model in accordance with FASB ASC Topic 606. For its customer contracts, ACLM identifies the performance obligations, determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when or as control of goods or services is transferred to the customer.

Revenue recognized from contracts with customers was \$6,008,525 and \$5,108,881 in 2022 and 2021, respectively.

Revenue from performance obligations satisfied at a point in time consist of conference and educational events, trainee income, online medical education income, other curriculum education and certification, advocacy and patient education income, membership support, and global outreach income and amounted to \$4,743,928 and \$4,003,702 for the years ended December 31, 2022 and 2021, respectively. Revenue is recognized on the day of the conference or event or upon transfer of the curriculum education or certification.

Revenue from performance obligations satisfied over time consist of membership dues and amounted to \$1,264,597 and \$1,105,179 for the years ended December 31, 2022 and 2021, respectively. Membership dues provide benefits over a 12-month period. Revenue is recognized evenly over the membership period.

NOTES TO FINANCIAL STATEMENTS

ACLM reports gifts of cash and other assets as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. ACLM records increases in net assets with donor restrictions whose restrictions are met in the same period as increases in net assets without donor restrictions.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies and management estimates. Management and general expenses

NOTES TO FINANCIAL STATEMENTS

ACLM's net investment income (loss) for the years ended December 31, 2022 and 2021 consisted of:

	<u>2021</u>
Dividend and interest income	\$20,091
Realized gain (loss) on sale of investments	35,581
Investment fees	<u>(2,766)</u>
Net investment income (loss)	<u><u>\$52,906</u></u>

FASB Accounting Standards Codification 820-10, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. ACLM uses appropriate valuation techniques based on the value of the above marketable securities using Level 1 inputs. Level 1 inputs are quoted prices in active markets for the actual asset being valued. An active market has sufficient transaction activity to provide pricing information on an ongoing basis.

ACLM is exempt from the payment of Federal income taxes on its exempt-purpose activities under provisions of Section 501(c)(3) of the Internal Revenue Code.

ACLM routinely evaluates potential uncertain tax positions and believes they would more likely than not be substantiated upon examination by taxing authorities. ACLM files income tax returns in the U.S. Federal and California jurisdictions. U.S. Federal income tax returns prior to fiscal year 2019 are closed.

As part of ACLM's liquidity management, it has a policy to structure financial assets to be available for general expenditures, liabilities, and other obligations as they become due. ACLM's investment policy allows up to 25% of liquid assets to be invested in non-cash financial assets.

NOTES TO FINANCIAL STATEMENTS

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ACLM maintains a 401(k) plan for all employees working 30 hours a week or more. ACLM will match employee contributions up to 4% of their salaries with a three-year cliff vesting. Matching contributions amounts to \$78,539 and \$61,114 for the years ended December 31, 2022 and 2021, respectively.

In February 2021, ACLM acquired a \$136,937 promissory note from the Small Business Administration as part of the Payroll Protection Program. The promissory note could be forgiven in full if the proceeds from the note are used in accordance with the program. ACLM applied for and received forgiveness, including interest of \$1,099, in December 2021. The forgiveness is recorded as income on the statement of activities in 2021.

ACLM has evaluated subsequent events through August 14, 2023, the date on which the financial statements were available to be issued.