

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

December 31, 2023



AMERICAN COLLEGE OF LIFESTYLE MEDICINE

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
American College of Lifestyle Medicine
Chesterfield, Missouri

Opinion

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, 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 American College of Lifestyle Medicine 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 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.

Responsibilities of Management for the Financial Statements

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 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 American College of Lifestyle Medicine'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 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 auditor's report that includes an 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 involves 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

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and equivalents | \$ 1,635,886 | \$ 1,856,074 |
| Investments | 1,856,152 | 2,204,043 |
| Accounts receivable | 636,035 | 70,316 |
| Prepaid expenses | 201,990 | 73,776 |
| Intangible assets | 481,553 | 463,721 |
| | <u>\$ 4,811,616</u> | <u>\$ 4,667,930</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 834,987 | \$ 530,589 |
| Deferred dues membership, CRT, LMRC | 1,048,752 | 999,220 |
| | <u>1,883,739</u> | <u>1,529,809</u> |
| NET ASSETS | | |
| Net assets without donor restrictions | 2,623,614 | 2,854,580 |
| Net assets with donor restrictions | 304,263 | 283,541 |
| | <u>2,927,877</u> | <u>3,138,121</u> |
| | <u>\$ 4,811,616</u> | <u>\$ 4,667,930</u> |

See accompanying notes.

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|-------------------------------|---------------------|
| REVENUE | | | |
| Conference and educational events | \$ 2,734,490 | \$ - | \$ 2,734,490 |
| Trainee income | 5,565 | - | 5,565 |
| Online medical education income | 1,780,921 | - | 1,780,921 |
| Other curriculum education and certification | 1,203,113 | - | 1,203,113 |
| Advocacy and patient education income | 301,064 | - | 301,064 |
| Membership support | 5,605 | - | 5,605 |
| Donations and grant income | 489,896 | 372,379 | 862,275 |
| Membership dues | 1,564,954 | - | 1,564,954 |
| Net investment income | 79,727 | - | 79,727 |
| Change in unrealized gain on investments | 80,032 | - | 80,032 |
| Net assets released from restrictions: | | | |
| Satisfaction of donor restrictions | 351,657 | (351,657) | - |
| TOTAL REVENUES AND SUPPORT | 8,597,024 | 20,722 | 8,617,746 |
| EXPENSES | | | |
| Program services | 7,680,990 | - | 7,680,990 |
| Support services | 1,147,000 | - | 1,147,000 |
| TOTAL EXPENSES | 8,827,990 | - | 8,827,990 |
| CHANGE IN NET ASSETS | (230,966) | 20,722 | (210,244) |
| NET ASSETS AT BEGINNING OF YEAR | 2,854,580 | 283,541 | 3,138,121 |
| NET ASSETS AT END OF YEAR | \$ 2,623,614 | \$ 304,263 | \$ 2,927,877 |

See accompanying notes.

| | Without Donor Restrictions | | Total |
|--|---|-----------------|------------------|
| REVENUE | | | |
| Conference and educational events | \$ 2,162,350 | \$ - | \$ 2,162,350 |
| Trainee income | 1,767 | - | 1,767 |
| Online medical education income | 1,517,683 | - | 1,517,683 |
| Other curriculum education and certification | 690,599 | - | 690,599 |
| Advocacy and patient education income | 368,646 | - | 368,646 |
| Membership support | 2,883 | - | 2,883 |
| Donations and grant income | 719,490 | 301,581 | 1,021,071 |
| Membership dues | 1,264,597 | - | 1,264,597 |
| Net investment loss | (35,531) | - | (35,531) |
| Change in unrealized gain on investments | (58,285) | - | (58,285) |
| Net assets released from restrictions: | | | |
| Satisfaction of donor restrictions | 369,776 | (369,776) | - |
| TOTAL REVENUES AND SUPPORT | 7,003,975 | (68,195) | 6,935,780 |
| EXPENSES | | | |
| Program services | 6,444,846 | - | 6,444,846 |
| Support services | 1,188,698 | - | 1,188,698 |
| TOTAL EXPENSES | 7,633,544 | - | 7,633,544 |

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

| | Program | | | | | Support | | | Total | |
|--|---------------------|-------------------|-----------------------------|-----------------------|--------------------------|---------------------|---------------------------|------------------|---------------------|---------------------|
| | Education | Trainee | Advocacy and Research | Membership Support | LM Global Alliance | Subtotal | Management and General | Fundraising | | Subtotal |
| Salaries and contract wages | \$ 1,001,864 | \$ 140,730 | \$ 1,080,760 | \$ 513,095 | \$ - | \$ 2,736,449 | \$ 262,875 | \$ 59,500 | \$ 322,375 | \$ 3,058,824 |
| Payroll taxes | 76,863 | 11,878 | 83,010 | 37,195 | - | 208,946 | 14,372 | 4,811 | 19,183 | 228,129 |
| Employee benefits | 149,326 | 17,129 | 125,157 | 68,874 | - | 360,486 | 58,517 | 13,672 | 72,189 | 432,675 |
| Total personnel expense | 1,228,053 | 169,737 | 1,288,927 | 619,164 | - | 3,305,881 | 335,764 | 77,983 | 413,747 | 3,719,628 |
| Advertising, marketing, and public relations | 521,158 | - | - | - | - | 521,158 | - | - | - | 521,158 |
| Advocacy and research expenses | - | - | 569,261 | - | 20,000 | 589,261 | - | - | - | 589,261 |
| American Journal of Lifestyle Medicine | - | - | - | 206,486 | - | 206,486 | - | - | - | 206,486 |
| Credit card fees | - | - | - | - | - | - | 188,128 | - | 188,128 | 188,128 |
| Curriculum development and maintenance | 700,887 | - | - | - | - | 700,887 | - | - | - | 700,887 |
| Depreciation and amortization | 297,125 | - | 65,828 | - | - | 362,953 | - | - | - | 362,953 |
| Event expenses | 1,384,425 | - | - | - | - | 1,384,425 | - | - | - | 1,384,425 |
| Miscellaneous | 23,085 | 10,785 | - | 83,281 | - | 117,151 | 181,394 | - | 181,394 | 298,545 |
| Office expenses | 10,827 | - | - | 511 | - | 11,338 | 196,192 | - | 196,192 | 207,530 |
| Other education expenses | 62,610 | 172 | - | - | - | 62,782 | - | - | - | 62,782 |
| Professional fees | 22,913 | - | - | - | - | 22,913 | 147,126 | - | 147,126 | 170,039 |
| Scholarships and grants | - | 67,789 | - | - | - | 67,789 | - | - | - | 67,789 |
| Travel, meals, and entertainment | 85,261 | - | 12,684 | - | - | 97,945 | 20,413 | - | 20,413 | 118,358 |
| Website and mobile application | 49,702 | - | - | 180,001 | 318 | 230,021 | - | - | - | 230,021 |
| Total expenses | \$ 4,386,046 | \$ 248,483 | \$ 1,936,700 | \$ 1,089,443 | \$ 20,318 | \$ 7,680,990 | \$ 1,069,017 | \$ 77,983 | \$ 1,147,000 | \$ 8,827,990 |

See accompanying notes.

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

| | Program | | | | | Support | | | | Total |
|--|---------------------|-------------------|-----------------------------|-----------------------|-----------------------|---------------------|---------------------------|------------------|---------------------|---------------------|
| | Education | Trainee | Advocacy and Research | Membership Support | LM Global Alliance | Subtotal | Management and General | Fundraising | Subtotal | |
| Salaries and contract wages | \$ 863,256 | \$ 129,420 | \$ 868,459 | \$ 424,130 | \$ - | \$ 2,285,265 | \$ 611,923 | \$ 57,800 | \$ 669,723 | \$ 2,954,988 |
| Payroll taxes | 71,843 | 11,097 | 64,372 | 32,125 | - | 179,437 | 19,947 | 4,681 | 24,628 | 204,065 |
| Employee benefits | 131,619 | 15,083 | 91,824 | 51,951 | - | 290,477 | 81,954 | 12,218 | 94,172 | 384,649 |
| Total personnel expense | 1,066,718 | 155,600 | 1,024,655 | 508,206 | - | 2,755,179 | 713,824 | 74,699 | 788,523 | 3,543,702 |
| Advertising, marketing, and public relations | 482,248 | - | - | - | - | 482,248 | - | - | - | 482,248 |
| Advocacy and research expenses | - | - | 407,661 | - | 20,010 | 427,671 | - | - | - | 427,671 |
| American Journal of Lifestyle Medicine | - | - | - | 162,711 | - | 162,711 | - | - | - | 162,711 |
| Credit card fees | - | - | - | - | - | - | 143,750 | - | 143,750 | 143,750 |
| Curriculum development and maintenance | 805,720 | - | - | - | - | 805,720 | - | - | - | 805,720 |
| Depreciation and amortization | 145,423 | - | 45,109 | - | - | 190,532 | - | - | - | 190,532 |
| Event expenses | 1,187,226 | - | - | - | - | 1,187,226 | - | - | - | 1,187,226 |
| Miscellaneous | 10,119 | 6,374 | - | 112,089 | - | 128,582 | 5,982 | - | 5,982 | 134,564 |
| Office expenses | 15,226 | - | - | 1,927 | - | 17,153 | 164,829 | - | 164,829 | 181,982 |
| Other education expenses | 15,330 | 68 | - | - | - | 15,398 | - | - | - | 15,398 |
| Professional fees | 38,928 | - | - | - | - | 38,928 | 78,121 | - | 78,121 | 117,049 |
| Scholarships and grants | - | 46,907 | - | - | - | 46,907 | - | - | - | 46,907 |
| Travel, meals, and entertainment | 95,906 | - | 12,824 | - | - | 108,730 | 7,493 | - | 7,493 | 116,223 |
| Website and mobile application | 44,303 | - | - | 33,207 | 351 | 77,861 | - | - | - | 77,861 |
| Total expenses | \$ 3,907,147 | \$ 208,949 | \$ 1,490,249 | \$ 818,140 | \$ 20,361 | \$ 6,444,846 | \$ 1,113,999 | \$ 74,699 | \$ 1,188,698 | \$ 7,633,544 |

See accompanying notes.

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ (210,244) | \$ (697,764) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation and amortization | 362,953 | 190,532 |
| Investment (gain) loss, net | (55,525) | 120,656 |
| Effects of changes in: | | |
| Accounts receivable | (565,719) | 14,008 |
| Prepaid expenses | (128,214) | (55,858) |
| Accounts payable and accrued liabilities | 304,398 | 123,512 |
| Deferred dues membership, CRT, LMRC | 49,532 | 166,458 |
| Net cash used by operating activities | <u>(242,819)</u> | <u>(138,456)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of investments | (2,983,232) | (1,742,206) |
| Proceeds from sales of investments | 3,386,648 | 1,635,139 |
| Purchase of intangible assets | (380,785) | (482,132) |
| Net cash provided (used) by investing activities | <u>22,631</u> | <u>(589,199)</u> |
| CHANGE IN CASH AND EQUIVALENTS | <u>(220,188)</u> | <u>(727,655)</u> |
| BEGINNING CASH AND EQUIVALENTS | <u>1,856,074</u> | <u>2,583,729</u> |
| ENDING CASH AND EQUIVALENTS | <u>\$ 1,635,886</u> | <u>\$ 1,856,074</u> |

See accompanying notes.

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

1. ORGANIZATION

Founded in 2004, the American College of Lifestyle Medicine (“ACLM”) is the medical professional society for physicians and other professionals dedicated to clinical and worksite practice of Lifestyle Medicine as the foundation of a transformed and sustainable health care system. Practice involves the use of evidence-based therapeutic approaches, such as eating a whole food, plant-predominant dietary lifestyle, regular physical activity, restorative sleep, stress management, avoidance of risky substances and positive social connection, to treat, oftentimes reverse, and prevent chronic disease. ACLM educates,

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of estimates

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

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

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue from contracts with customers

Revenue recognition

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 \$7,595,712 and \$6,008,525 in 2023 and 2022, respectively.

Disaggregation of revenue

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 \$6,030,758 and \$4,743,928 for the years ended December 31, 2023 and 2022, 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 \$1,564,954 and \$1,264,597 for the years ended December 31, 2023 and 2022, respectively. Membership dues provide benefits over a 12-month period. Revenue is recognized evenly over the membership period.

Revenues are generated from organizations and individuals in the medical profession with an interest in supporting and furthering the practice of Lifestyle Medicine. Societal factors affecting views about the effectiveness of this practice could have an impact on future revenue and cash flows for ACLM.

Performance obligations and significant judgements

Uncertainty regarding variable consideration is resolved when it is time for the related revenue to be recognized, therefore ACLM has assessed that the estimate of variable consideration is not constrained.

Payments from customers are typically required prior to any transfer of services. ACLM has no obligations for returns, refunds, warranties, or other similar arrangements.

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Support with and without donor restrictions

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.

Allocated expenses

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 include those that are not directly identifiable with any other specific function but provide for the overall support of ACLM.

3. INVESTMENTS AND FAIR VALUE DISCLOSURES

ACLM's investments at December 31, 2023 and 2022 consisted of:

| | 2023 | | 2022 | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Cost | Fair market value | Cost | Fair market value |
| Certificates of deposit | \$ 737,000 | \$ 746,580 | \$ 980,000 | \$ 987,935 |
| Equity mutual funds | 220,612 | 232,173 | 234,600 | 215,500 |
| Fixed income mutual funds | 383,884 | 384,604 | 349,971 | 316,786 |
| Alternative investment mutual funds | - | - | 40,306 | 27,236 |
| U.S. Treasuries | 486,552 | 492,795 | 651,294 | 656,586 |
| | \$1,828,048 | \$1,856,152 | \$2,256,171 | \$2,204,043 |

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

3. INVESTMENTS AND FAIR VALUE DISCLOSURES – CONTINUED

ACLM's net investment income (loss) for the years ended December 31, 2023 and 2022 consisted of:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|-------------------------|---------------------------|
| Dividend and interest income | \$103,890 | \$ 31,440 |
| Realized loss on sale of investments | (20,370) | (62,373) |
| Investment fees | (3,793) | (4,598) |
| | <hr/> | <hr/> |
| Net investment income (loss) | <u>\$ 79,727</u> | <u>\$ (35,531)</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.

4. INCOME TAXES

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 2020 are closed.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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.

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED

The following reflects ACLM's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

| | 2023 | 2022 |
|--|-------------|------|
|--|-------------|------|

AMERICAN COLLEGE OF LIFESTYLE MEDICINE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

7. RETIREMENT PLAN

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 \$99,403 and \$78,539 for the years ended December 31, 2023 and 2022, respectively.

8. SUBSEQUENT EVENTS

ACLM has evaluated subsequent events through July 24, 2024, the date on which the financial statements were available to be issued.