

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Financial Statements

December 31, 2023

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AMERICAN COLLEGE OF PHYSICIAN ADVISORS

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BARNES, GIVENS & BARNES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
200 EAST EVERGREEN AVENUE, SUITE 117
MOUNT PROSPECT, ILLINOIS 60056-3240
224-764-2442 FAX: 224-764-2448
bgbcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American College of Physician Advisors

Opinion

We have audited the accompanying financial statements of American College of Physician Advisors (the "Organization"), which comprise the statements of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, 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 Organization'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 Organization'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.

Barnes, Givens & Barnes, Ltd.

Mount Prospect, Illinois
November XX, 2024

AMERICAN COLLEGE OF PHYSICIAN ADVISORS, INC.
Statement of Financial Position
December 31, 2023

ASSETS

Assets	
Cash and cash equivalents	\$ 376,375
Accounts receivable	-
Prepaid expenses	104,266
Investments	794,430
	<hr/>
Total Assets	\$ 1,275,071
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 2,983
Deferred revenue	281,215
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Total Liabilities	284,198
Net Assets	
Net assets without donor restrictions	990,873
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Total Liabilities and Net Assets	\$ 1,275,071
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See Accompanying Notes to the Financial Statements

AMERICAN COLLEGE OF PHYSICIAN ADVISORS, INC.

Statement of Activities
For the Year Ended December 31, 2023

Revenues and Support	
Membership dues	\$ 282,514
Registrations	429,730
Sponsorship	63,500
Learning center	22,057
Royalty	2,622
Other	13,969
Investment income	49,026
	<hr/>
Total Revenues and Support	863,418
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Expenses	
Programs	
NPAC	350,744
Learning center	12,234
Membership	108,035
Other programs	84,715
Total program services	555,728
	<hr/>
Administration	149,646
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Total Expenses	705,374
	<hr/>
Change in Net Assets	158,044
Net Assets Without Donor Restrictions - Beginning of Year	832,829
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Net Assets Without Donor Restrictions - End of Year	\$ 990,873
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See Accompanying Notes to Financial Statements

AMERICAN COLLEGE OF PHYSICIAN ADVISORS, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Programs				Administration	Total
	NPAC	Learning Center	Membership	Other Programs		
Accounting	\$ -	\$ -	\$ -	\$ -	\$ 5,400	\$ 5,400
Advertising	25,993	-	5,344	4,157	2,375	37,869
Bank and credit card fees	-	-	6,946	5,402	2,437	14,785
Board expenses	-	-	-	-	28,415	28,415
Chairs stipend	7,500	-	-	-	-	7,500
Database platform	-	-	-	-	18,962	18,962
CME	7,516	2,463	-	-	-	9,979
Conference direct fee	31,980	-	-	-	-	31,980
Hotel. Food and beverage	254,780	-	-	-	-	254,780
Insurance	2,071	-	-	-	2,809	4,880
Legal	-	-	-	-	554	554
Management fee	-	-	80,325	62,475	35,700	178,500
Marketing	14,018	-	15,420	11,993	6,853	48,284
Officer's stipend	-	-	-	-	12,500	12,500
Other	6,886	8,174	-	688	650	16,398
Outside services	-	-	-	-	4,349	4,349
Postage and delivery	-	-	-	-	1,116	1,116
President stipend and expenses	-	-	-	-	15,254	15,254
Printing and copying	-	-	-	-	125	125
Registration	-	-	-	-	-	-
Speaker	-	1,500	-	-	-	1,500
Taxes	-	-	-	-	48	48
Telephone and telecom	-	-	-	-	-	-
Web design/Newsletter	-	97	-	-	12,099	12,196
Total Functional Expenses	\$ 350,744	\$ 12,234	\$ 108,035	\$ 84,715	\$ 149,646	\$ 705,374

See Accompanying Notes to Financial Statements

AMERICAN COLLEGE OF PHYSICIAN ADVISORS, INC.

Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Change in net assets	\$ 158,044
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-	
Unrealized (gains) losses on investments	(38,696)
(Increase) decrease in assets-	
Accounts receivable	-
Prepaid expenses	(45,849)
Increase (decrease) in liabilities-	
Accounts payable	(9,138)
Deferred revenue	119,541
	<hr/>
Net Cash Provided by Operating Activities	183,902
Cash Flows from Investing Activities	
Purchase of investments	(905,509)
Proceeds from sale of securities	289,775
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Net Cash (Used in) Investing Activities	(615,734)
Net (Decrease) in Cash and Cash Equivalents	(431,832)
Cash and Cash Equivalents - Beginning of Year	808,207
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Cash and Cash Equivalents - End of Year	\$ 376,375
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Supplemental Disclosure of Cash Flow Information-	
Cash paid during the year for:	
Interest	\$ -
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Income taxes	\$ -
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See Accompanying Notes to Financial Statements

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note A – Organization and Nature of Activities

The American College of Physician Advisors (the “Organization”) is a non-profit membership-based organization that promotes and enhances the instrumental role of Physician Advisors across the continuum of healthcare through education and professional development.

Note B—Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of the 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. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest-bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the assets or owes the liability). A fair value measurement assumes that the transaction to sell an asset or to transfer a liability occurs either in the principal market (or in its absence, the most advantageous market) for the asset or liability.

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note B—Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information may not be available. When a price for an identical asset or liability is not observable, the Organization measures fair value using other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Organization's intent to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance or, if unspecified, investigated to identify the appropriate invoice to which to apply the payment.

Management reviews all individual customer accounts receivable balances that exceed ninety (90) days from invoice date and based on the assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Based upon these reviews management believed all accounts receivable to be fully collectible and, accordingly, no allowance for uncollectible accounts receivable is reflected in the accompanying financial statements.

Deferred Revenues

Deferred revenues represent membership dues that are recognized prorata over the term of the respective membership and other revenues received in advance.

Revenue Recognition

The Organization has adopted Accounting Standards Update (ASU) No. 2014-19 – *Revenue from Contracts with Customers* (Topic 606), as amended. The standard contains principles that an organization applies to determine the measurement of revenue and the timing of when it is recognized. The adoption of this accounting pronouncement did not result in significant changes in the timing of the Organization's revenue recognition.

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note B—Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Membership Dues – A majority of the Organization’s revenue is derived by assessing membership dues. Dues are collected annually from individual members. Income from membership dues is recognized ratably throughout the period for which the dues were assessed.

Conference Registration and Sponsorship – Members and other individuals register to attend various events and conferences of the Organization. The Organization obtains sponsors to sponsor at the Organization’s various events and conferences. Registration and sponsorship income is recognized in the period in which the event takes place.

Learning Center – Learning center income is recognized once the participant completes the learning center course.

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2023:

	<u>2023</u>
Deferred revenue, beginning of year:	\$ 161,674
Revenue recognized that was included in deferred revenue at the beginning of the year	(161,674)
Increase in deferred revenue due to cash received during the period	<u>281,215</u>
Total	<u>\$ 281,215</u>

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. If the governing board were to designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, those funds would also fall under this category.

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note B—Summary of Significant Accounting Policies (continued)

Net Assets

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other costs have been allocated among the program and supporting services benefited based on time devoted to the functional areas by the management company.

Note C – Restatement

During the year ended December 31, 2023, the Organization performed additional analysis and noted that in the prior year there were stipends that were improperly double counted and needed to be removed from accounts payable and expense as of December 31, 2022. Accordingly, the Organization has restated its financial statements for the year ended December 31, 2022. The effect of the double counted expenses was to increase the change in net assets for the fiscal year ended December 31, 2022 by \$11,249 and increase net assets without donor restrictions by \$11,249. Therefore, net assets without donor restrictions at January 1, 2023 have been restated to \$832,829. The cumulative effect of this adjustment increases beginning net assets at January 1, 2023 by \$11,249.

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note D—Income Tax Status

The Organization qualifies for tax-exempt status under Section 501(c)(6) of the Internal Revenue Code as a nonprofit organization. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. Management has determined that the Organization has no income tax liability as of December 31, 2023. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at December 31, 2023. The Organization's 2021-2023 tax years are open for examination by the IRS. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

Note E – Fair Value of Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell an asset or paid to transfer a liability regardless of whether an observable liquid marked price exist (exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - o Quoted prices for similar assets or liabilities in active markets;
 - o Quoted prices for identical or similar assets or liabilities in inactive markets;
 - o Inputs other than quoted prices which are observable for the asset or liability;
 - o Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially for full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note E – Fair Value of Investments (continued)

Each asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input which is significant to the fair value measurement. Valuation techniques utilized should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds which are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The methods described above could produce fair value calculations which may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's management believes that the valuation methods used are appropriate and consistent with those utilized by other market participants, the implementation of different methodologies or assumptions to determine the fair value of the Organization's investment portfolio might result in different fair value measurements at report date.

The Organization invests in various types of investment securities. 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 at least reasonably possible that changes in the value of the portfolio will occur in the near term (1 year) and such changes could materially affect the Organization's investments and the amounts reported in the accompanying Statement of Financial Position.

As of December 31, 2023, the Organization's investments were classified as follows based on fair value:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market funds	\$ 5,225	\$ -	\$ -	\$ 5,225
Certificates of Deposit	250,118	-	-	250,118
Government Bonds	189,919	-	-	189,919
Equity Mutual Funds	-	270,972	-	270,972
Fixed Income Funds	-	78,196	-	78,196
Total	<u>\$ 445,262</u>	<u>\$ 349,168</u>	<u>\$ -</u>	<u>\$ 794,430</u>

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note E – Fair Value of Investments (continued)

Investments are composed of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money Market funds	\$ 5,225	\$ 5,225
Certificates of Deposit	250,000	250,118
Government Bonds	190,008	189,919
Equity Mutual Funds	232,140	270,972
Fixed Income Funds	77,821	78,196
	<u>\$ 755,194</u>	<u>\$ 794,430</u>

At December 31, 2023, the following schedule summarizes the investment return for all investments for the year:

<u>Investment Income (Loss)</u>	<u>2023</u>
Interest and dividends	\$ 16,852
Net realized and unrealized gain (loss)	38,696
Advisory fees	<u>(6,522)</u>
	<u>\$ 49,026</u>

Note F – Management Agreement

On February 27, 2023, the Organization renewed its agreement with Frontline Co., an association management company, to provide professional and administrative staff, office space, and equipment on a contractual basis through December 31, 2024. Pursuant to the agreement, the Organization reimburses Frontline Co. monthly for other expenses as defined in the agreement. The agreement may be terminated at any time without cause by either party upon not less than 90 days prior written notice to the other party.

Note G – Concentration of Custodial Risk

Financial instruments that potentially subject the Organization to concentration of custodial risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At December 31, 2023, the Organization had \$65,978 in excess of the FDIC insured limit.

AMERICAN COLLEGE OF PHYSICIAN ADVISORS

Notes to Financial Statements

December 31, 2023

Note H—Liquidity and Availability of Financial Assets (continued)

The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts with donor-imposed purpose and time restrictions and amounts set aside for desired purposes that could be drawn upon if the Board approves that action.

	<u>2023</u>
Financial assets, at year-end:	
Cash and cash equivalents	\$ 376,375
Investments	794,430
Accounts receivable	-
Less contractual or donor-imposed restrictions:	
Donor restrictions for specific purposes	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,170,805</u>

Note I – Donated Services

No amounts have been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program and support service.

Note J—Subsequent Events

The Organization has determined that no material events or transactions have occurred subsequent to December 31, 2023 and through the date of the independent auditor's report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.