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**NATIONAL ASSOCIATION OF  
CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

INDEPENDENT AUDITOR'S REPORT AND  
CONSOLIDATED AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2022 and 2021

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**For the Years Ended December 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
National Association of Credit Management, Inc.  
and Subsidiaries  
Columbia, Maryland

### Opinion

We have audited the accompanying consolidated financial statements of the National Association of Credit Management, Inc. and Subsidiaries (together, the Association), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association 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.

### 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 Auditor's 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

### **Emphasis of Matter – Adoption of New Accounting Standard**

As discussed in Note 3 to the consolidated financial statements, the Association adopted new accounting guidance in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

*E. Cohen and Company, CPAs*

March 28, 2023

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 881,499	\$ 767,887
Accounts receivable, net	298,688	225,935
Publications inventory	16,700	15,815
Prepaid expenses and other current assets	173,883	164,899
<b>Total current assets</b>	<b>1,370,770</b>	<b>1,174,536</b>
<b>Investments</b>		
Operating investments	1,215,039	1,973,680
Board-designated investments	210,692	249,274
<b>Total investments</b>	<b>1,425,731</b>	<b>2,222,954</b>
<b>Property and equipment, net</b>	<b>1,572,529</b>	<b>1,651,043</b>
<b>Other assets</b>		
Restricted cash equivalents	103,370	103,189
Right-of-use asset, net	54,334	-
<b>Total other assets</b>	<b>157,704</b>	<b>103,189</b>
<b>Total assets</b>	<b>\$ 4,526,734</b>	<b>\$ 5,151,722</b>

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**LIABILITIES AND NET ASSETS**

	<b>2022</b>	<b>2021</b>
<b>Current liabilities</b>		
Mortgage payable, current portion	\$ 54,929	\$ 46,308
Accounts payable and accrued expenses	284,728	387,519
Payroll liabilities	4,400	2,992
Deferred revenue	580,987	388,190
Operating lease liability, current portion	18,793	-
	<b>943,837</b>	<b>825,009</b>
<b>Non-current liabilities</b>		
Mortgage payable, net of current portion	1,581,579	1,629,329
Operating lease liability, net of current portion	35,541	-
PPP loans payable	-	1,043,830
	<b>1,617,120</b>	<b>2,673,159</b>
<b>Total non-current liabilities</b>	<b>1,617,120</b>	<b>2,673,159</b>
<b>Total liabilities</b>	<b>2,560,957</b>	<b>3,498,168</b>
<b>Net assets without donor restrictions</b>	<b>1,965,777</b>	<b>1,653,554</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,526,734</b>	<b>\$ 5,151,722</b>

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Revenue and support</b>		
Services and management fees	\$ 2,056,375	\$ 1,863,994
Contributions	16,130	15,329
Conferences and meetings	1,041,194	715,542
Membership dues	753,035	772,459
Courses and programs	408,409	500,487
Information resources	256,574	245,914
Designations	105,509	111,339
Rental income	111,193	110,462
Other	17,755	19,449
	<b>4,766,174</b>	<b>4,354,975</b>
<b>Expenses</b>		
Program services	3,509,965	3,263,285
Management and general	1,841,825	1,563,325
	<b>5,351,790</b>	<b>4,826,610</b>
<b>Total expenses</b>		
	<b>5,351,790</b>	<b>4,826,610</b>
<b>Other income (loss)</b>		
PPP loan forgiveness	1,043,830	-
Investment income (loss), net	(145,991)	32,884
	<b>897,839</b>	<b>32,884</b>
<b>Total other income</b>		
	<b>897,839</b>	<b>32,884</b>
<b>Change in net assets</b>	<b>312,223</b>	<b>(438,751)</b>
<b>Beginning net assets without donor restrictions</b>	<b>1,653,554</b>	<b>2,092,305</b>
<b>Ending net assets without donor restrictions</b>	<b>\$ 1,965,777</b>	<b>\$ 1,653,554</b>

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services							Supporting Services		Total Expenses
	Conferences and Meetings	Education	Publications	CFDD	FCIB Division	Service Corp.	Foundation	Total Program Services	Management and General	
Salaries and benefits	\$ 197,037	\$ 222,942	\$ 16,175	\$ 17,624	\$ 118,782	\$ 1,010,485	\$ -	\$ 1,583,045	\$ 978,520	\$ 2,561,565
Professional services	-	-	-	-	-	609,079	-	609,079	101,545	710,624
Conferences and meetings	329,644	32,418	-	22,492	4,177	-	-	388,731	-	388,731
Outside services	32,007	37,852	-	-	-	86,302	-	156,161	203,929	360,090
Postage and shipping	3,719	3,751	-	45	170	334,728	-	342,413	4,125	346,538
Equipment rental	88,279	-	-	1,347	-	21,500	-	111,126	46,567	157,693
Occupancy	-	-	-	-	-	-	-	-	125,791	125,791
Depreciation and amortization	-	4,864	-	-	-	5,856	-	10,720	104,265	114,985
Interest expense	-	-	-	-	-	-	-	-	81,783	81,783
Reports	-	-	-	-	-	56,546	-	56,546	-	56,546
Business credit printing	-	-	-	-	-	52,991	-	52,991	-	52,991
Merchant service fees	24,205	11,217	835	133	4,378	9,837	-	50,605	14	50,619
Cost of book sales	-	-	46,181	-	-	-	-	46,181	-	46,181
Insurance	-	-	-	-	-	-	-	-	45,726	45,726
Online courses	-	19,263	-	-	-	-	-	19,263	-	19,263
Travel	4,003	154	187	965	-	851	-	6,160	10,381	16,541
Other	9,220	5,679	1,658	540	2,647	27,779	29,421	76,944	139,179	216,123
<b>Total expenses</b>	<b>\$ 688,114</b>	<b>\$ 338,140</b>	<b>\$ 65,036</b>	<b>\$ 43,146</b>	<b>\$ 130,154</b>	<b>\$ 2,215,954</b>	<b>\$ 29,421</b>	<b>\$ 3,509,965</b>	<b>\$ 1,841,825</b>	<b>\$ 5,351,790</b>

See independent auditor's report and notes to the consolidated financial statements.



**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services							Supporting Services		Total Expenses
	Conferences and Meetings	Education	Publications	CFDD	FCIB Division	Service Corp.	Foundation	Total Program Services	Management and General	
Salaries and benefits	\$ 170,823	\$ 209,319	\$ 13,290	\$ 15,639	\$ 133,435	\$ 911,753	\$ -	\$ 1,454,259	\$ 794,948	\$ 2,249,207
Professional services	-	-	-	-	-	571,142	-	571,142	96,395	667,537
Outside services	21,887	19,777	-	-	-	150,435	-	192,099	147,517	339,616
Postage and shipping	7,736	4,786	-	-	445	318,032	-	330,999	2,769	333,768
Conferences and meetings	267,783	19,384	-	2,462	13,114	-	213	302,956	-	302,956
Equipment rental	83,964	-	-	-	-	17,223	-	101,187	54,437	155,624
Depreciation and amortization	-	7,514	-	-	-	7,360	-	14,874	112,814	127,688
Occupancy	-	-	-	-	-	-	-	-	92,188	92,188
Interest expense	-	-	-	-	-	-	-	-	59,907	59,907
Insurance	-	-	-	-	-	-	-	-	55,169	55,169
Reports	-	-	-	-	-	53,685	-	53,685	-	53,685
Business credit printing	-	-	-	-	-	52,942	-	52,942	-	52,942
Merchant service fees	15,410	10,636	606	65	7,621	9,371	-	43,709	135	43,844
Cost of book sales	-	-	42,769	-	-	-	-	42,769	-	42,769
Travel	9,163	470	1,117	-	-	4,025	-	14,775	4,798	19,573
Online courses	-	15,337	-	-	-	-	-	15,337	-	15,337
Other	3,920	2,755	1,026	-	3,576	32,469	28,806	72,552	142,248	214,800
<b>Total expenses</b>	<b>\$ 580,686</b>	<b>\$ 289,978</b>	<b>\$ 58,808</b>	<b>\$ 18,166</b>	<b>\$ 158,191</b>	<b>\$ 2,128,437</b>	<b>\$ 29,019</b>	<b>\$ 3,263,285</b>	<b>\$ 1,563,325</b>	<b>\$ 4,826,610</b>

See independent auditor's report and notes to the consolidated financial statements.

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities		
Change in net assets	\$ 312,223	\$ (438,751)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation and amortization	114,985	127,688
Amortization of right-of use asset	10,171	-
Amortization expense reported as interest	7,179	11,000
Net realized and unrealized loss on investments	184,337	1,228
Forgiveness of PPP loans payable	(1,043,830)	-
(Increase) decrease in:		
Accounts receivable, net	(72,753)	33,302
Publications inventory	(885)	1,565
Prepaid expenses and other current assets	(8,984)	3,712
Increase (decrease) in:		
Accounts payable and accrued expenses	(102,791)	177,832
Payroll liabilities	1,408	(65,417)
Deferred revenue	192,797	20,768
Operating lease liability	(10,171)	-
<b>Net cash used in operating activities</b>	<b>(416,314)</b>	<b>(127,073)</b>
Cash flows from investing activities		
Proceeds from sale of investments	941,043	426,326
Purchases of investments	(327,533)	(755,056)
Purchases of property and equipment	(37,095)	-
<b>Net cash provided by (used in) investing activities</b>	<b>576,415</b>	<b>(328,730)</b>
Cash flows from financing activities		
Principal repayments on mortgage payable	(46,308)	(70,826)
Proceeds from mortgage payable	-	469,670
Proceeds from PPP loan payable	-	498,300
<b>Net cash provided by (used in) financing activities</b>	<b>(46,308)</b>	<b>897,144</b>
Change in cash and cash equivalents	113,793	441,341
Cash and cash equivalents, including restricted cash, beginning	871,076	429,735
<b>Cash and cash equivalents, including restricted cash, ending</b>	<b>\$ 984,869</b>	<b>\$ 871,076</b>

See independent auditor's report and notes to the consolidated financial statements.

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>Supplemental disclosure of cash flows information</b>		
Cash paid during the year for interest	\$ 81,783	\$ 59,907
Cash paid during the year for income taxes	\$ 5,370	\$ 2,592
<b>Supplemental disclosure of noncash investing and financing transactions</b>		
Right-of-use asset for operating lease upon ASC 842 implementation	\$ 64,505	\$ -
Operating lease liability upon ASC 842 implementation	\$ 64,505	\$ -
Noncash proceeds to pay off mortgage payable	\$ -	\$ 1,230,330

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 1. Description of organizations and operations

The National Association of Credit Management, Inc. (NACM), a nonprofit organization, was founded in 1896 to enhance, promote, and protect the interests of commercial or business credit grantors in all industries. As a 501(c)(6) organization, NACM is the educational training resource for its member companies, consisting of their individual employees who are responsible for making the independent decision to extend commercial credit to their business customers. NACM's role is to advance the profession of business/commercial credit management through education and information while connecting its members to a strong, national network of knowledgeable experts in areas that impact commercial credit. NACM monitors federal legislation and works to educate Congress on the differences between consumer and commercial credit and about the issues that impact business credit.

NACM's wholly owned subsidiary, The Service Corporation of NACM (Service Corp.) was incorporated under the laws of the State of New York in 1933 and is the publisher of the association's magazine, *Business Credit*, electronic newsletter, *eNews*, and website. NACM operates Secured Transaction Services, a division of Service Corp., to support companies engaged in the building and construction industry. Secured Transaction Services' products include effecting construction notices to an owner that a company is on a job site, facilitating the filing of a mechanic's lien for materials for construction projects, or filing UCC financing statements to ensure that companies are timely paid for services and materials or positioned as a secured creditor. Activities within Service Corp. are taxable.

NACM's wholly owned subsidiary, the National Association of Credit Management Realty Corporation (Realty Corp.) organized under Section 501(c)(2) of the Internal Revenue Code. The purpose of Realty Corp. is to hold title to real and personal property and to collect rental income.

NACM, Service Corp., and Realty Corp. are incorporated under the laws of the State of Maryland.

Under the laws of the State of Maryland in 2005, NACM incorporated its charitable foundation, the NACM Scholarship Foundation, Inc. (the Foundation). The Foundation is operated exclusively for educational purposes, specifically to fund education in the area of credit management by providing scholarships. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

NACM's major programs consist of the following:

**Conferences and meetings** consists of the Credit Congress and Exposition which is an annual gathering for credit professionals and providers of services to the business credit arena.

#### **Education:**

- Courses and program revenues are from the Graduate School of Credit & Financial Management; FSA I and FSA II, the Credit Learning Center, Business Credit Principles; and NACM and FCIB online courses.
- Designations include all revenues related to NACM and FCIB designations and certifications (CBA, CBF, CCE, CCRA, CICP, and ICCE).

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 1. Description of organization and operations (continued)

**Publications** relates to the sales of self-study courses and books, including the *Manual of Credit and Commercial Laws* and the *Principles of Business Credit*.

**The Credit and Financial Development Division (CFDD)** advances the profession of business/commercial credit management through education and information while connecting its members to a strong, national network of knowledgeable experts in areas that impact commercial credit.

**FCIB Division** is an education and information resource for multinational and global company members, consisting of individuals who make the independent decisions to extend commercial credit to business customers.

### 2. Summary of significant accounting policies

#### **Basis of consolidation**

The consolidated financial statements include the accounts of NACM and its wholly owned subsidiaries, Service Corp., Realty Corp., and the Foundation (together, the Association). All significant intercompany items have been eliminated in consolidation. The accompanying consolidated financial statements do not include the assets and accounts of local member associations, each of which is autonomous and not under the direction or control of NACM.

#### **Basis of accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

#### **Basis of presentation**

The Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a scholarship fund.

*Net assets with donor restrictions* – Net assets subject to donor-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. There were no net assets with donor restrictions at December 31, 2022 and 2021.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 2. Summary of significant accounting policies (continued)

#### **Cash and cash equivalents**

The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, unless specifically designated for long-term investment. Cash equivalents included in the cash and cash equivalents line in the consolidated statements of financial position totaled \$462,460 and \$460,845, at December 31, 2022 and 2021, respectively.

Cash and cash equivalents held by the investment custodian to facilitate investment transactions or for investment are included in investments in the consolidated statements of financial position. Cash pledged as collateral for a corporate credit card account is excluded from cash and cash equivalents and is included in restricted cash equivalents in the consolidated statements of financial position. This collateral account is secured by a certificate of deposit (CD) held in an account at the same financial institution. The CD automatically renews upon maturity. Income generated from the CD is reinvested and becomes part of the collateral. In accordance with Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted cash*, restricted cash equivalents are included as cash and cash equivalents in the consolidated statements of cash flows.

#### **Accounts receivable**

The Association grants trade credit. Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible amounts and historical collection experience. The allowance at December 31, 2022 and 2021, was \$2,774 and \$6,166, respectively.

#### **Publications inventory**

Inventory consists primarily of publications and brochures and is valued at the lower of cost or market, with cost determined by using the first-in, first-out method.

#### **Prepaid expenses**

Prepaid expenses represent costs paid prior to year-end for education programs, meetings, and other program activities that will occur in the subsequent year. The expenses will be recognized as the respective activities occur.

#### **Property and equipment**

Property and equipment are stated at cost. Individual purchases and improvements of \$2,500 or more that prolong the useful life of an asset are capitalized, while expenditures for small items, maintenance, and minor repairs are expensed as incurred. The costs of purchased and internally developed website and online education courses are being amortized over their estimated useful on a straight-line basis.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 2. Summary of significant accounting policies (continued)

Depreciation and amortization are calculated using the straight-line method once the asset has been placed in service, and are provided for on a consistent basis based upon the estimated useful life of the particular asset as follows:

Building	10 - 39.5 years
Furniture and fixtures	5 - 10 years
Software	3 - 10 years
Website and online education courses	1 - 3 years
Office equipment	3 - 5 years
Tenant improvements	3 - 7 years

#### **Investments**

Investments are included in these statements at the market prices that were in effect as of the date of the consolidated statements of financial position, which may differ from the amount ultimately realized at the time of sale. The difference may be material. Investment income, including interest, dividends, realized and unrealized gains and losses, and related investment expenses are included in the consolidated statements of activities. Realized gains and losses are determined on the specific identification method.

#### **Debt issuance costs**

Debt issuance costs consist of fees incurred in conjunction with obtaining the refinancing of the mortgage. The Association follows the requirements of FASB ASU 2015-03 presenting financing costs as a reduction of the carrying amount of the related mortgage payable rather than as an asset. Amortization of debt issuance costs is reported as interest expense in the consolidated statements of activities.

#### **Revenue recognition**

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606), the Association recognizes revenue when control of the promised goods or services is transferred to the Association's members or outside parties in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services (a reciprocal transaction). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Association does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract are expensed as incurred as the amortization period is less than one year. The Association has multiple significant revenue sources that are accounted for as exchange transactions subject to ASC 606, including services and management fees, membership dues, conferences and meetings, courses and programs, information resources, and designations.

#### Services and management fees

The Association recognizes services and management fees revenue, which primarily include construction services such as pre-lien services (notice to owners and notice of commencement), UCC filings, and mechanic's liens at the time the service or product is provided, when control is transferred from the Association to the member or outside party. Amounts for these activities are due at the time the service or product is provided.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 2. Summary of significant accounting policies (continued)

#### Conferences and meetings, and courses and programs

The Association recognizes conferences and meetings revenue as well as courses and programs revenue at the time of the event when control is transferred from the Association to the member or outside party. Amounts for these activities are due at the time of registration. Amounts received in advance are recorded as deferred revenue.

#### Membership dues

Membership with the Association is categorized as a reciprocal transaction as there is a commensurate value received for the benefits provided to members. These benefits are recognized by members over the course of the 12-month membership period. As such, the Association recognizes membership dues revenue ratably over the membership period. Amounts received in advance are recorded as deferred revenue.

#### Information sources and designations

Revenue from information resources, including credit reports and book sales, and designations are recognized at the time of purchase, when control is transferred from the Association to the member or outside party.

#### Rental income

The Association recognizes rental income monthly as rents become due. Rental payments received in advance are recorded as deferred revenue.

#### Disaggregation of revenue

The Association disaggregates revenue subject to ASC 606 based on the timing of the transfer of goods or services as follows:

	2022	2021
Performance obligations satisfied at a point in time	\$ 3,885,816	\$ 3,456,725
Performance obligations satisfied over time	864,228	882,921
	\$ 4,750,044	\$ 4,339,646

#### Contributions

The Association recognizes revenue from contributions in accordance with ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Association evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Association is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Contributions, including donations of cash and unconditional promises to give, are reported in the period received. There were no unconditional promises to give or made during the years ended December 31, 2022 and 2021.



# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 2. Summary of significant accounting policies (continued)

#### **Fair value measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the 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*: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2*: Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3*: Level 3 inputs are unobservable (e. g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs.

#### **Advertising**

Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2022 and 2021, was \$18,133 and \$21,374, respectively.

#### **Functional expense allocation**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Costs that can be identified with a particular program or supporting function are charged directly to that program function. Expenses that are not specifically identified with a particular program are allocated among programs and supporting services using management's functional expense allocation methodology, which is based upon a combination of estimated allocation of hours, pro rata operating revenue, and rent expense.

#### **Use of estimates**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 3. Adoption of new accounting standard

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which applies to all leases with a term of twelve months or greater. Lessees are required to recognize a right-of-use asset, representing the lessee's right to use or control the use of a specified asset for the lease term, and a lease liability, representing the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis. Leases are classified as either operating or financing (formerly capital) leases. Recognition, measurement, and presentation of expenses and cash flows arising from a lease are determined by lease classification.

The Association adopted the standard effective January 1, 2022. The adoption of ASC 842 resulted in the recognition of a right-to-use asset and an operating lease liability of \$64,505 as of January 1, 2022. Results for periods beginning prior to January 1, 2022, continue to be reported in accordance with the Association's historical accounting treatment. The adoption of ASC 842 did not have a material impact on the Association's result of activities and cash flows.

### 4. Contract assets and liabilities

The Association recognizes a contract asset when it satisfies a performance obligation by delivering the promised good or service but does not yet have an unconditional right to consideration. A right is unconditional, and thus reflected as a receivable, if nothing other than the passage of time is required before payment of consideration is due. The Association does not have contract assets at December 31, 2022 and 2021.

The Association recognizes a contract liability when a member or outside party pays the promised consideration in advance of the good or service being delivered and through the time until the good or service has been fully delivered. Contract liabilities consist of deferred revenue (see Note 9) at December 31, 2022 and 2021.

### 5. Liquidity and availability

Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2022	2021
Cash and cash equivalents	\$ 881,499	\$ 767,887
Accounts receivable, net	298,688	225,935
Operating investments	1,215,039	1,973,680
Financial assets available for general expenditure	\$ 2,395,226	\$ 2,967,502

The Association's working capital and cash flows fluctuate during the year, attributable mainly to the timing of annual cash receipts from membership dues as well as conference and meetings revenue. To optimize liquidity, the Association invests cash in an interest-bearing operating fund and draws on the account when needed to cover general expenditures. Additionally, the Association maintains a \$200,000 secured bank line of credit. As of December 31, 2022 and 2021, no amount was outstanding on the line of credit.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 6. Investments and fair value measurement

The following are the major categories of assets measured at fair value on a recurring basis as of December 31, 2022 and 2021, using quoted prices in active markets for identical assets (Level 1) and quoted prices in markets that are not active or for significant other observable inputs (Level 2). All assets have been valued using a market approach. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active.

December 31, 2022	Total	Level 1	Level 2
Cash and cash equivalents	\$ 55,105	\$ 55,105	\$ -
Money market mutual funds	24,303	-	24,303
Equity mutual funds and ETFs	265,104	265,104	-
Fixed-income mutual funds	127,226	127,226	-
Corporate bonds	953,993	-	953,993
<b>Total investments</b>	<b>\$ 1,425,731</b>	<b>\$ 447,435</b>	<b>\$ 978,296</b>
<hr/>			
December 31, 2021	Total	Level 1	Level 2
Cash and cash equivalents	\$ 59,095	\$ 59,095	\$ -
Money market mutual funds	678,591	-	678,591
Equity mutual funds and ETFs	355,811	355,811	-
Fixed-income mutual funds	110,993	110,993	-
Corporate bonds	1,018,464	-	1,018,464
<b>Total investments</b>	<b>\$ 2,222,954</b>	<b>\$ 525,899</b>	<b>\$ 1,697,055</b>

There were no transfers between levels 1 and 2, and no transfers into level 3 for the years ended December 31, 2022 and 2021. Cash and cash equivalents held by the investment custodian are to facilitate investment transactions or for investment and, as such, are included in investments in the consolidated statements of financial position.

Investment revenues are reported net of related investment expenses in the consolidated statements of activities. Investment income (loss) consisted of the following for the years ended December 31:

	2022	2021
Interest and dividend income	\$ 52,480	\$ 44,770
Unrealized losses	(180,474)	(38,442)
Realized gains (losses)	(3,863)	37,180
Investment expenses	(14,134)	(10,624)
<b>Investment income (loss)</b>	<b>\$ (145,991)</b>	<b>\$ 32,884</b>

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 7. Property and equipment

As of December 31, property and equipment consisted of the following:

	2022	2021
Building	\$ 2,190,686	\$ 2,190,686
Furniture and fixtures	542,299	542,299
Software	450,931	432,102
Website and online education courses	329,193	329,193
Office equipment	204,627	186,362
Tenant improvements	40,085	83,238
Subtotal of depreciable property and equipment	3,757,821	3,763,880
Less accumulated depreciation and amortization	2,790,312	2,717,857
Subtotal of net depreciable property and equipment	967,509	1,046,023
Land	605,020	605,020
Total property and equipment, net	\$ 1,572,529	\$ 1,651,043

Depreciation and amortization expense for the years ended December 31, 2022 and 2021, was \$114,985 and \$127,688, respectively.

### 8. Mortgage payable

The Association had a mortgage payable with a bank with an original principal balance of \$1,850,000. On December 23, 2021, the Association refinanced and obtained \$1,700,000 in cash-out refinancing from another bank. The proceeds from the refinance were used to pay off the previous mortgage balance of \$1,205,967 along with remaining mortgage interest due and miscellaneous mortgage pay-off fees, with the balance deposited into the Association's operating bank account. The new mortgage agreement calls for a fixed interest rate of 4.63%, monthly principal and interest payments of \$10,949 which began on February 1, 2022, and a balloon payment of \$1,057,763 due on January 1, 2032. The building and the land serve as collateral for the mortgage.

As of December 31, the mortgage payable consists of the following:

	2022	2021
Mortgage payable	\$ 1,653,692	\$ 1,700,000
Less unamortized debt issuance costs	17,184	24,363
	1,636,508	1,675,637
Less current portion	54,929	46,308
Mortgage payable, net of current portion	\$ 1,581,579	\$ 1,629,329

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 8. Mortgage payable (continued)

Future maturities of the mortgage payable are as follows:

Years ending December 31:	
2023	\$ 54,929
2024	57,352
2025	60,315
2026	63,208
2027	66,240
Thereafter	<u>1,351,648</u>
	1,653,692
Less current portion	54,929
Less unamortized debt issuance costs	<u>17,184</u>
Non-current portion	<u>\$ 1,581,579</u>

Interest expense attributable to the mortgage payable was \$81,783 and \$59,907 for the years ended December 31, 2022 and 2021, respectively, including \$7,179 and \$11,000 of amortization of debt issuance costs for the years ended December 31, 2022 and 2021, respectively.

### 9. Deferred revenue

Deferred revenue represents monies received in advance for various activities. As of December 31, deferred revenue consists of the following:

	2022	2021
Conferences and meetings	\$ 411,869	\$ 203,381
Membership dues	112,517	136,371
Courses, programs, and other	<u>56,601</u>	<u>48,438</u>
Total deferred revenue	<u>\$ 580,987</u>	<u>\$ 388,190</u>

### 10. Line of credit

The Association maintains a \$200,000 secured bank line of credit. The line has a one-year term and includes a due-on-demand feature. Interest, at a variable rate based on changes in an index set at the lender's discretion, is payable monthly. The collateral for the line of credit is the accounts receivable, publications inventory and property and equipment. There was no balance due at December 31, 2022 and 2021.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 11. Operating leases

The Association is a lessor of office space under two operating leases which expire at various dates through 2025. Rental income from these leases was \$111,193 and \$110,462 for the years ended December 31, 2022 and 2021, respectively.

Future minimum rental income under these leases for the years ending December 31, is as follows:

2023	\$ 112,601
2024	59,179
2025	<u>9,074</u>
Total	<u>\$ 180,854</u>

On June 1, 2022, the Association entered into an operating lease for office equipment expiring in August 2025. The lease calls for monthly fixed payments of \$1,913 including principal and interest over the lease term. The present value discount rate applied to the lease is 9.47%.

Total expense for all operating leases was \$23,252 and \$25,641 for the years ended December 31, 2022 and 2021, respectively, and is included within the equipment rental caption on the consolidated statements of functional expenses.

Future maturities of the operating lease liability for the years ending December 31, are as follows:

2023	\$ 22,955
2024	22,955
2025	<u>15,303</u>
Total future lease payments	61,213
Less amount representing interest	<u>6,879</u>
Operating lease liability	<u>\$ 54,334</u>

### 12. Paycheck Protection Program funding

On May 1, 2020 and May 31, 2021, the Association received loan proceeds in the amounts of \$545,530 and \$498,300, respectively, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The loan and accrued interest were forgivable in an amount equal to the payments made for payroll, benefits, rent, and utilities during the twenty-four-week period beginning on the loan date, not to exceed the principal balance of the loan, if the borrower maintained its payroll levels in that same timeframe. The amount of loan forgiveness was reduced if the borrower terminated employees or reduced salaries during that same timeframe. The unforgiven portion of the PPP loan was payable over five years at an interest rate of 1%, with a deferral of payments until the first month after the U.S. Small Business Administration (SBA) determination of any unforgiven portion of the loan amount.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 12. Paycheck Protection Program funding (continued)

During the year ended December 31, 2022, the Association met the PPP eligibility criteria in the full amount of \$1,043,830. Both loans were forgiven in full, including interest, by the SBA during the year ended December 31, 2022. The forgiven interest expense was not material to the consolidated financial statements.

### 13. Retirement plan

The Association provides a defined-contribution savings retirement plan in accordance with Internal Revenue Code Section 401(k). The plan covers substantially all employees, age 21 or over, who meet the terms of service requirements. The Association elects annually to make a matching and profit-sharing contribution for eligible employees. For the years ended December 31, 2022 and 2021, contributions to the retirement plan were \$40,037 and \$29,171, respectively.

### 14. Board-designated net assets

Net assets without donor restrictions include \$210,692 and \$249,274, at December 31, 2022 and 2021, respectively, which has been designated by the Board for CFDD scholarships.

### 15. Income taxes

The Association performed an evaluation of uncertain tax positions for the years ended December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the consolidated financial statements or which may have any effect on its tax-exempt status. None of the Association's income tax returns are currently under examination.

#### **NACM and Realty Corp.**

NACM is a professional organization that qualifies under Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income tax. Realty Corp. is organized under Section 501(c)(2) of the Internal Revenue Code and is exempt from federal and state income tax. However, income derived from sources unrelated to the entities' tax-exempt purpose is subject to tax. NACM had no taxable unrelated business income for the years ended December 31, 2022 and 2021. Income tax expense of \$4,526 and \$6,892 for the years ended December 31, 2022 and 2021, respectively, represents taxes on Realty Corp.'s unrelated business income. For 2022, estimated payments exceeded the tax due, resulting in an income tax receivable of \$844 included in prepaid expenses and other current assets on the 2022 consolidated statement of financial position. For 2021, an income tax payable of \$2,412 is included in accounts payable and accrued expenses on the 2021 consolidated statement of financial position.

#### **Foundation**

The Foundation is exempt from federal and state income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code. Income, except that derived from sources unrelated to the entity's tax-exempt purpose, is not subject to tax. For the years ended December 31, 2022 and 2021, the Foundation had no unrelated business income.

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

### 15. Income taxes (continued)

#### Service Corp.

Service Corp. is a taxable entity and is, therefore, subject to federal and state income taxes. As of December 31, 2022, Service Corp. had a net operating loss carryforward of \$6,843,172 which will expire in various years between 2023 and 2042. For 2022 and 2021, Service Corp. had no income tax expense. The net deferred income tax assets for Service Corp. at December 31, 2022 and 2021, are \$1,881,600 and \$1,743,100, respectively. Service Corp. has reflected a 100% valuation allowance against net deferred tax assets each year, due to uncertainty about their ultimate realization.

### 16. Concentrations of credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and cash equivalents. The Association maintains its cash in commercial banks that are insured by the Federal Deposit Insurance Corporation (FDIC). The Association has amounts on deposit with banks, which at times exceed the FDIC-insured threshold. Cash in excess of FDIC-insured limits at December 31, 2022, approximated \$345,000.

### 17. Commitments and contingencies

The Association has entered into agreements with vendors for various meetings in future years. The contracts contain contingency clauses whereby the Association is liable for cancellations. The monetary restitution varies among contracts, but generally is based on expenses incurred by the vendor up to the date of cancellation as well as additional cancellation and attrition fees. As a result of the COVID-19 outbreak, and the resulting cancellation and renegotiation of various hotel and conference center contracts, the Association had accrued \$100,000 as of December 31, 2021, for potential penalties. During 2022, the Association finalized settlements with these hotels and paid total penalties of \$158,218, including the previously accrued amount.

### 18. Risks and uncertainties

In early March 2020, there was a global outbreak of COVID-19 that has resulted in changes in the global supply and demand for certain products and services. These changes, including a potential economic downturn and any potential resulting direct and indirect negative effects on the Association cannot be determined, but they could have a prospective material impact on the Association's activities, cash flows and liquidity. Nonetheless, the Association will continue to monitor the financial and business implications of the pandemic on its operations and will implement new strategies as appropriate.

### 19. Subsequent events

Management of the Association has evaluated events or transactions that occurred after December 31, 2022 through March 28, 2023, the date the consolidated financial statements were available to be issued and has determined that no subsequent events or transactions have occurred that require recognition or disclosure in the consolidated financial statements.





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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors  
National Association of Credit Management, Inc.  
and Subsidiaries  
Columbia, Maryland

We have audited the consolidated financial statements of the National Association of Credit Management, Inc. and Subsidiaries (together, the Association) as of and for the years ended December 31, 2022 and 2021, and our report thereon dated March 28, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 24 - 25 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*E. Cohen and Company, CPAs*

March 28, 2023

# NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2022

	NACM	Service Corp.	Realty Corp.	Foundation	Consolidating Adjustments	Total
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 834,439	\$ (47,259)	\$ 15,855	\$ 78,464	\$ -	\$ 881,499
Accounts receivable, net	19,389	279,299	-	-	-	298,688
Intercompany receivables	7,008,607	-	878,456	-	(7,887,063)	-
Publications inventory, net	16,700	-	-	-	-	16,700
Prepaid expenses and other current assets	137,968	14,459	21,456	-	-	173,883
<b>Total current assets</b>	<b>8,017,103</b>	<b>246,499</b>	<b>915,767</b>	<b>78,464</b>	<b>(7,887,063)</b>	<b>1,370,770</b>
<b>Investments</b>	<b>1,001,288</b>	<b>-</b>	<b>-</b>	<b>424,443</b>	<b>-</b>	<b>1,425,731</b>
<b>Property and equipment, net</b>	<b>25,840</b>	<b>6,122</b>	<b>1,540,567</b>	<b>-</b>	<b>-</b>	<b>1,572,529</b>
<b>Other assets</b>						
Restricted cash equivalents	103,370	-	-	-	-	103,370
Investment in NACMRC	791,029	-	-	-	(791,029)	-
Right-of-use asset, net	-	54,334	-	-	-	54,334
<b>Total other assets</b>	<b>894,399</b>	<b>54,334</b>	<b>-</b>	<b>-</b>	<b>(791,029)</b>	<b>157,704</b>
<b>Total assets</b>	<b>\$ 9,938,630</b>	<b>\$ 306,955</b>	<b>\$ 2,456,334</b>	<b>\$ 502,907</b>	<b>\$ (8,678,092)</b>	<b>\$ 4,526,734</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>						
<b>Current liabilities</b>						
Mortgage payable, current portion	\$ -	\$ -	\$ 54,929	\$ -	\$ -	\$ 54,929
Accounts payable and accrued expenses	132,594	84,141	67,993	-	-	284,728
Payroll liabilities	4,400	-	-	-	-	4,400
Intercompany payables	878,456	7,008,607	-	-	(7,887,063)	-
Deferred revenue	520,152	46,533	14,302	-	-	580,987
Operating lease liability, current portion	-	18,793	-	-	-	18,793
<b>Total current liabilities</b>	<b>1,535,602</b>	<b>7,158,074</b>	<b>137,224</b>	<b>-</b>	<b>(7,887,063)</b>	<b>943,837</b>
<b>Non-current liabilities</b>						
Mortgage payable, net of current portion	-	-	1,581,579	-	-	1,581,579
Operating lease liability, net of current portion	-	35,541	-	-	-	35,541
<b>Total non-current liabilities</b>	<b>-</b>	<b>35,541</b>	<b>1,581,579</b>	<b>-</b>	<b>-</b>	<b>1,617,120</b>
<b>Total liabilities</b>	<b>1,535,602</b>	<b>7,193,615</b>	<b>1,718,803</b>	<b>-</b>	<b>(7,887,063)</b>	<b>2,560,957</b>
<b>Net assets (deficit) without donor restrictions</b>	<b>8,403,028</b>	<b>(6,886,660)</b>	<b>737,531</b>	<b>502,907</b>	<b>(791,029)</b>	<b>1,965,777</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 9,938,630</b>	<b>\$ 306,955</b>	<b>\$ 2,456,334</b>	<b>\$ 502,907</b>	<b>\$ (8,678,092)</b>	<b>\$ 4,526,734</b>

See independent auditor's report on supplementary information.

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC. AND SUBSIDIARIES**

**CONSOLIDATING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	NACM						Service Corp.	Realty Corp.	Foundation	Consolidating Adjustments	Total	
	General and Admin.	Conventions	Education	Publications	CFDD	FCIB Division						Total
<b>Revenue and support</b>												
Services and management fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,056,375	\$ -	\$ -	\$ -	\$ 2,056,375
Conferences and meetings	-	936,614	30,458	-	17,943	56,179	1,041,194	-	-	-	-	1,041,194
Membership dues	479,646	-	-	-	24,343	188,603	692,592	60,443	-	-	-	753,035
Courses and programs	-	-	320,029	1,225	-	87,155	408,409	-	-	-	-	408,409
Information resources	-	-	-	68,989	-	-	68,989	216,052	-	-	(28,467)	256,574
Rental income	-	-	-	-	-	-	-	-	389,341	-	(278,148)	111,193
Designations	-	-	99,209	-	-	6,300	105,509	-	-	-	-	105,509
Contributions	-	-	-	-	-	-	-	-	-	16,130	-	16,130
Other	11,646	1,817	-	507	454	-	14,424	3,331	-	-	-	17,755
<b>Total revenue and support</b>	<b>491,292</b>	<b>938,431</b>	<b>449,696</b>	<b>70,721</b>	<b>42,740</b>	<b>338,237</b>	<b>2,331,117</b>	<b>2,336,201</b>	<b>389,341</b>	<b>16,130</b>	<b>(306,615)</b>	<b>4,766,174</b>
<b>Expenses</b>												
Salaries & fringe benefits	939,559	197,037	222,942	16,175	17,624	118,782	1,512,119	1,010,485	38,961	-	-	2,561,565
Professional services	101,545	-	-	-	-	-	101,545	609,079	-	-	-	710,624
Conferences & meetings	-	329,644	32,418	-	22,492	4,177	388,731	-	-	-	-	388,731
Outside services	200,710	32,007	37,852	-	-	-	270,569	86,302	3,219	-	-	360,090
Postage & shipping	4,125	3,719	3,751	-	45	170	11,810	334,728	-	-	-	346,538
Equipment rental	46,567	88,279	-	-	1,347	-	136,193	21,500	-	-	-	157,693
Occupancy	206,052	4,932	7,164	2,724	1,308	10,380	232,560	45,588	125,791	-	(278,148)	125,791
Depreciation & amortization	14,404	-	4,864	-	-	-	19,268	5,856	89,861	-	-	114,985
Interest expense	-	-	-	-	-	-	-	-	81,783	-	-	81,783
Reports	-	-	-	-	-	-	-	56,546	-	-	-	56,546
Business credit printing	-	-	-	-	-	-	-	52,991	-	-	-	52,991
Office supplies, printing, & maintenance	41,394	3,907	1,688	41	242	-	47,272	4,857	-	-	-	52,129
Merchant service fees	14	24,205	11,217	835	133	4,378	40,782	9,837	-	-	-	50,619
Cost of book sales	-	-	14,944	46,188	-	-	61,132	-	-	-	(14,951)	46,181
Insurance	45,726	-	-	-	-	-	45,726	-	-	-	-	45,726
Property taxes	2,780	-	-	-	-	-	2,780	522	38,904	-	-	42,206
Scholarships	-	-	-	-	-	-	-	-	-	29,284	-	29,284
Other	9,645	1,881	166	1,617	4,061	9,555	26,925	10,462	668	137	(13,516)	24,676
Telephone	16,308	-	-	-	-	2,411	18,719	1,133	-	-	-	19,852
Online courses	-	-	19,263	-	-	-	19,263	-	-	-	-	19,263
Promotions & advertising	17,835	-	-	-	298	-	18,133	-	-	-	-	18,133
Affiliate commissions	-	3,432	3,825	-	-	-	7,257	10,805	-	-	-	18,062
Travel	10,381	4,003	154	187	965	-	15,690	851	-	-	-	16,541
Bank fees	7,011	-	-	-	-	136	7,147	-	108	-	-	7,255
Income taxes	-	-	-	-	-	-	-	-	4,526	-	-	4,526
Overhead allocation	(1,266,737)	150,044	143,687	18,160	15,849	35,575	(903,422)	854,220	49,202	-	-	-
<b>Total expenses</b>	<b>397,319</b>	<b>843,090</b>	<b>503,935</b>	<b>85,927</b>	<b>64,364</b>	<b>185,564</b>	<b>2,080,199</b>	<b>3,115,762</b>	<b>433,023</b>	<b>29,421</b>	<b>(306,615)</b>	<b>5,351,790</b>
<b>Other income (loss)</b>												
PPP loan forgiveness	1,043,830	-	-	-	-	-	1,043,830	-	-	-	-	1,043,830
Investment loss, net	(77,563)	-	-	-	-	-	(77,563)	-	-	(68,428)	-	(145,991)
<b>Total other income</b>	<b>966,267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>966,267</b>	<b>-</b>	<b>-</b>	<b>(68,428)</b>	<b>-</b>	<b>897,839</b>
<b>Change in net assets</b>	<b>\$ 1,060,240</b>	<b>\$ 95,341</b>	<b>\$ (54,239)</b>	<b>\$ (15,206)</b>	<b>\$ (21,624)</b>	<b>\$ 152,673</b>	<b>\$ 1,217,185</b>	<b>\$ (779,561)</b>	<b>\$ (43,682)</b>	<b>\$ (81,719)</b>	<b>\$ -</b>	<b>\$ 312,223</b>

See independent auditor's report on supplementary information.