



**ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC  
AND NEONATAL NURSES**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

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DECEMBER 31, 2021

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## **Independent Auditor's Report**

To the Board of Directors  
Association of Women's Health, Obstetric and Neonatal Nurses  
Washington, D.C.

### ***Opinion***

We have audited the accompanying financial statements of Association of Women's Health, Obstetric and Neonatal Nurses (AWHONN) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 Association of Women's Health, Obstetric and Neonatal Nurses as of December 31, 2021, 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 Association of Women's Health, Obstetric and Neonatal Nurses 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 Association of Women's Health, Obstetric and Neonatal Nurses' 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.

To the Board of Directors  
Association of Women's Health, Obstetric and Neonatal Nurses

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association of Women's Health, Obstetric and Neonatal Nurses' 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 Association of Women's Health, Obstetric and Neonatal Nurses' 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.

***Report on Summarized Comparative Information***

We previously audited Association of Women's Health, Obstetric and Neonatal Nurses' 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Councilor, Buchanan + Mitchell, P.C.*

Bethesda, Maryland  
July 20, 2022

Certified Public Accountants

**ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,691,178	\$ 971,791
Contributions Receivable, Net	100,000	200,000
Accounts Receivable, Net	399,748	316,625
Inventory	27,811	43,717
Prepaid Expenses	620,551	281,400
Investments	8,778,859	7,655,762
Deposits	333,447	333,447
Deferred Compensation Plan Assets	166,436	116,829
Property and Equipment, Net	<u>774,729</u>	<u>991,199</u>
<b>Total Assets</b>	<b><u>\$ 13,892,759</u></b>	<b><u>\$ 10,910,770</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 929,002	\$ 869,445
Deferred Membership Dues	1,285,669	1,330,343
Other Deferred Revenue	920,418	587,269
Deferred Compensation Plan Obligation	166,436	116,829
Deferred Rent and Lease Incentive	<u>1,468,663</u>	<u>1,661,280</u>
Total Liabilities	4,770,188	4,565,166
<b>Net Assets</b>		
Without Donor Restrictions	8,857,509	6,143,022
With Donor Restrictions	<u>265,062</u>	<u>202,582</u>
Total Net Assets	<u>9,122,571</u>	<u>6,345,604</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 13,892,759</u></b>	<b><u>\$ 10,910,770</u></b>

*See accompanying Notes to Financial Statements.*

**ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021		2021 Total	2020 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Support and Revenue</b>				
Dues Revenue	\$ 3,780,332	\$ -	\$ 3,780,332	\$ 3,828,845
Convention and Exhibit Fees Revenue	757,182	-	757,182	787,236
Royalties	4,682,050	-	4,682,050	4,369,226
Inventory Sales	2,391,615	-	2,391,615	822,095
Contributions	1,320,947	319,975	1,640,922	1,322,758
Other Income	198,105	-	198,105	172,647
Net Assets Released from Restrictions	257,495	(257,495)	-	-
<b>Total Support and Revenue</b>	<b>13,387,726</b>	<b>62,480</b>	<b>13,450,206</b>	<b>11,302,807</b>
<b>Expenses</b>				
Program Services				
Partnerships and Meetings	1,124,368	-	1,124,368	1,440,139
Marketing, Communications, and Publications	897,255	-	897,255	1,120,961
Education	2,753,145	-	2,753,145	2,607,565
Advocacy	170,948	-	170,948	-
Research and Policy	737,471	-	737,471	1,155,830
Sections	375,298	-	375,298	363,644
<b>Total Program Services</b>	<b>6,058,485</b>	<b>-</b>	<b>6,058,485</b>	<b>6,688,139</b>
Supporting Services				
Member Services and Operations	819,232	-	819,232	1,152,276
Finance, Administration, and Technology	4,739,922	-	4,739,922	4,187,313
Fundraising	176,447	-	176,447	289,463
<b>Total Supporting Services</b>	<b>5,735,601</b>	<b>-</b>	<b>5,735,601</b>	<b>5,629,052</b>
<b>Total Expenses</b>	<b>11,794,086</b>	<b>-</b>	<b>11,794,086</b>	<b>12,317,191</b>
Change in Net Assets from Operations	1,593,640	62,480	1,656,120	(1,014,384)
<b>Nonoperating Activities</b>				
Net Investment Return	1,120,847	-	1,120,847	386,904
<b>Total Nonoperating Activities</b>	<b>1,120,847</b>	<b>-</b>	<b>1,120,847</b>	<b>386,904</b>
Change in Net Assets	2,714,487	62,480	2,776,967	(627,480)
Net Assets, Beginning of Year	6,143,022	202,582	6,345,604	6,973,084
<b>Net Assets, End of Year</b>	<b>\$ 8,857,509</b>	<b>\$ 265,062</b>	<b>\$ 9,122,571</b>	<b>\$ 6,345,604</b>

*See accompanying Notes to Financial Statements.*

**ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Program Services						Supporting Services					2021 Total	2020 Total
	Partnerships and Meetings	Marketing, Communications, and Publications	Education	Advocacy	Research and Policy	Sections	Total Program Services	Member Services and Operations	Finance, Administration, and Technology	Fundraising	Total Supporting Services		
Salaries and Benefits	\$ 373,241	\$ 495,663	\$ 1,642,138	\$ 111,228	\$ 547,971	\$ -	\$ 3,170,241	\$ 499,085	\$ 2,395,611	\$ 103,785	\$ 2,998,481	\$ 6,168,722	\$ 5,764,167
Conference	503,539	3,282	3,699	-	-	235,416	745,936	5,312	16,936	-	22,248	768,184	926,244
Consultants	32,122	218,414	259,760	-	1,407	500	512,203	44,387	917,783	-	962,170	1,474,373	2,246,418
Rent	66,591	88,433	292,979	19,844	97,765	-	565,612	89,043	427,409	18,517	534,969	1,100,581	1,082,444
Travel	21,319	2,793	22,154	-	722	67,370	114,358	12,659	24,504	-	37,163	151,521	186,038
Processing Fees	16,843	22,366	74,100	5,020	24,727	-	143,056	22,521	107,573	4,683	134,777	277,833	300,037
Dues and Subscriptions	2,751	7,213	21,902	23,000	-	12,378	67,244	9,116	293,760	-	302,876	370,120	387,836
Depreciation and Amortization	13,097	17,393	57,623	3,903	19,228	-	111,244	17,513	84,062	3,642	105,217	216,461	258,579
Production and Publication	52,500	2,417	79,841	-	18,364	982	154,104	5,477	976	-	6,453	160,557	145,417
Temporary Staff	-	-	-	3,360	-	-	3,360	19,948	35,276	-	55,224	58,584	36,286
Fellowship and Awards	2,917	4,533	-	-	-	5,362	12,812	762	1,173	39,289	41,224	54,036	59,396
Miscellaneous	4,214	8,443	9,799	-	(850)	1,858	23,464	3,600	24,485	-	28,085	51,549	115,355
Telephone	2,662	3,721	11,713	793	3,909	-	22,798	3,560	17,087	740	21,387	44,185	47,805
Equipment Rental and Maintenance	5,919	7,861	26,044	1,764	8,691	-	50,279	7,915	37,993	1,646	47,554	97,833	89,584
Honoraria	12,250	-	108,925	-	-	24,059	145,234	800	-	-	800	146,034	113,831
Legal Expense	-	-	-	-	-	-	-	-	11,747	-	11,747	11,747	61,881
Insurance	4,738	6,292	20,847	1,412	6,957	-	40,246	6,336	30,412	1,318	38,066	78,312	61,600
Printing	1,901	-	3,806	-	-	8,311	14,018	18,622	13,949	2,827	35,398	49,416	42,978
Promotion	6,324	3,453	6,958	-	-	8,975	25,710	2,083	22,706	-	24,789	50,499	44,548
Officers' Stipend	-	-	-	-	-	-	-	-	65,000	-	65,000	65,000	65,000
Supplies	1,295	4,922	1,616	-	-	7,605	15,438	-	10,295	-	10,295	25,733	13,323
Cost of Goods Sold	-	-	107,317	-	-	-	107,317	-	97,475	-	97,475	204,792	114,440
Postage and Shipping	145	56	-	-	8,580	882	9,663	49,843	21,804	-	71,647	81,310	35,345
Audit Expense	-	-	-	-	-	-	-	-	31,710	-	31,710	31,710	43,084
Staff Training	-	-	1,924	624	-	1,600	4,148	-	48,812	-	48,812	52,960	51,616
Recruiting Fees	-	-	-	-	-	-	-	650	1,384	-	2,034	2,034	23,939
<b>Total</b>	<b>\$ 1,124,368</b>	<b>\$ 897,255</b>	<b>\$ 2,753,145</b>	<b>\$ 170,948</b>	<b>\$ 737,471</b>	<b>\$ 375,298</b>	<b>\$ 6,058,485</b>	<b>\$ 819,232</b>	<b>\$ 4,739,922</b>	<b>\$ 176,447</b>	<b>\$ 5,735,601</b>	<b>\$ 11,794,086</b>	<b>\$ 12,317,191</b>

See accompanying Notes to Financial Statements.

**ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 2,776,967	\$ (627,480)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	216,461	258,579
Net Gain on Investments	(1,025,311)	(309,488)
Changes in Assets and Liabilities		
Contributions Receivable	100,000	16,250
Accounts Receivable	(83,123)	295,177
Inventory	15,906	7,625
Prepaid Expenses	(339,151)	156,374
Accounts Payable and Accrued Expenses	59,557	(6,291)
Deferred Membership Dues	(44,674)	13,975
Other Deferred Revenue	333,149	41,812
Deferred Compensation Plan Obligation	49,607	15,854
Deferred Rent and Lease Incentive	(192,617)	(157,817)
	<u>1,866,771</u>	<u>(295,430)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(1,652,699)	(3,042,571)
Proceeds from Sale or Maturity of Investments	1,554,922	2,965,157
Purchase of Deferred Compensation Plan Assets	(49,607)	(15,854)
Purchases of Property and Equipment	-	(138,665)
	<u>(147,384)</u>	<u>(231,933)</u>
<b>Net Cash Used in Investing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,719,387</b>	<b>(527,363)</b>
Cash and Cash Equivalents, Beginning of Year	<u>971,791</u>	<u>1,499,154</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 2,691,178</u></b>	<b><u>\$ 971,791</u></b>

*See accompanying Notes to Financial Statements.*



ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Association of Women's Health, Obstetric and Neonatal Nurses (AWHONN), incorporated in 1992, is a not-for-profit association dedicated to establishing and promoting the highest standards of women's health, obstetric and neonatal nursing practice, education, and research. The accompanying financial statements include the activities of AWHONN's headquarters and AWHONN's 51 sections. The 51 sections are not separately incorporated, and therefore, their activity is reported as part of AWHONN's financial statements. AWHONN's revenue and support consist of membership dues, revenue from section activities, registration and exhibit fees related to the annual convention, product sales, and royalties. Members are located in all fifty states and on US military installations around the world.

*Basis of Presentation*

The financial statement presentation follows generally accepted accounting principles in the United States of America (GAAP). AWHONN prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

*Cash and Cash Equivalents*

AWHONN considers all short-term, highly liquid investments with initial maturities of three months or less to be cash equivalents, other than the cash and cash equivalents in its investment portfolio which are not used in current operations. Included in cash and cash equivalents in the accompanying statement of financial position is approximately \$1,170,000 of cash which is restricted for use by AWHONN's various sections.

*Contributions Receivable*

Unconditional promises to give are recorded as revenue in the year notification is received from the donor. Amounts to be received in the future are recorded as contributions receivable in the accompanying statement of financial position.

*Receivables and Allowance for Doubtful Accounts*

AWHONN uses the allowance method to record potentially uncollectible receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At December 31, 2021, AWHONN considered all receivables collectible and determined there was no allowance for doubtful accounts necessary.

*Inventory*

Inventory consists of publications and logo merchandise held for sale and is carried at the lower of cost or market value. Cost is determined using the first-in, first-out method. Appropriate consideration is given to obsolescence in evaluating net realizable value. Obsolete inventory is written off in the year it becomes obsolete.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Investments*

Investments are reported at fair value and consist of unit investment trusts, equity and fixed-income mutual funds, exchange-traded funds, money market funds and corporate bonds. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of fair value at the beginning and end of the reporting period.

*Property and Equipment*

Property and equipment are recorded at cost. All expenditures for property and equipment of \$500 or more are capitalized. Depreciation and amortization on furniture and equipment, website, and video production workshop is provided for on a straight-line basis over the estimated useful lives of the assets, which are generally five or ten years. When assets are retired or disposed of, the cost and related accumulated depreciation or amortization are removed from the accounting records and any gain or loss is reflected in income. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or the estimated useful life.

*Classification of Net Assets*

The financial statements of AWHONN have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires AWHONN to report information regarding its financial position and activities according to the following asset classifications:

*Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of AWHONN. These net assets may be used at the discretion of AWHONN's management and the Board of Directors.

*Net Assets With Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of AWHONN or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Revenue Recognition*

Membership dues are recognized as revenue on a pro-rata basis over the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred membership dues in the accompanying statement of financial position.

Revenue and the related costs of the annual conference and exhibits are recognized in the year in which the annual conference is held. Accordingly, registration and exhibit fees received in advance of the annual conference are recorded as other deferred revenue in the accompanying statement of financial position.

Revenue from sales of products, publications, and videos is reported as earned revenue when AWHONN has fulfilled its obligation under the terms of the sale.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue Recognition (Continued)*

Revenue from royalties is recognized in the period to which the royalty payment relates. Up-front fees are deferred and recognized over the terms established in the agreement.

Contributions are reported as revenue in the year unconditional promises are made. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions. Contributions received with temporary donor restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions. Conditional promises to give are not included as support until such time as the conditions are substantially met. 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 accompanying statement of activities as net assets released from restrictions. Revenue recognized on contributions that have been committed to AWHONN but have not been received is reflected as contributions receivable in the accompanying statement of financial position.

AWHONN also receives contract awards in exchange for services. Revenue from the contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs. Revenue recognized on contracts for which payments have not been received is included in accounts receivable in the accompanying statement of financial position. Funds received, but not yet expended, under contracts are reflected as other deferred revenue in the accompanying statement of financial position.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, taxes, and benefits which are allocated on the basis of time and effort by employees; office rent, depreciation, and other expenses are based on labor costs. Expenses directly identifiable to specific programs and supporting activities are allocated accordingly.

*Income Taxes*

AWHONN qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code. Unrelated business income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. AWHONN receives unrelated business income from advertising and royalties. There was no unrelated business income tax expense recorded during the year ended December 31, 2021. During the year ended December 31, 2021, there were no estimated tax payments made to tax authorities as no amount was due.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes (Continued)*

AWHONN performed an evaluation of uncertainty in income taxes for the year ended December 31, 2021, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. AWHONN's tax returns are subject to examination by the taxing authorities for three years after filing. It is AWHONN's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2021, AWHONN had no accruals for interest and/or penalties.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Measure of Operations*

In its statement of activities, AWHONN includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting services.

*Prior Year Summarized Financial Information*

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with AWHONN's audited financial statements for the year ended December 31, 2020, from which the summarized information was prepared.

**2. LIQUIDITY AND AVAILABILITY OF RESOURCES**

AWHONN regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. AWHONN has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities, and other obligations as they come due. AWHONN's working capital and cash flows come from the collection of membership dues, event sponsorships and registrations, and royalty income that recur on an annual basis at various times throughout the year. Management is focused on sustaining the financial liquidity of AWHONN throughout the year. This is done through monitoring and reviewing AWHONN's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of AWHONN's cash flow related to AWHONN's various funding sources and, is therefore, able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, AWHONN has established a line of credit with an available credit of \$500,000 which could be drawn upon. There is no outstanding balance as of December 31, 2021.

**ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**2. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

As of December 31, 2021, the following financial assets and liquidity resources were available for general operating expenditures in the year ending December 31, 2022:

*Financial Assets*

Cash and Cash Equivalents	\$ 2,691,178
Contributions Receivable	100,000
Accounts Receivable	399,748
Investments	<u>8,778,859</u>
Total Financial Assets	11,969,785
Less Investments Reserved for Future Operations	(8,252,127)
Less Donor Restricted Net Assets for Purpose	(265,062)

*Other Liquidity Resources*

Available Line of Credit	<u>500,000</u>
Financial Assets and Other Liquidity Resources Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 3,952,596</u></u>

**3. CONTRIBUTIONS AND ACCOUNTS RECEIVABLE**

Contributions and accounts receivable consisted of the following as of December 31, 2021:

Contributions	\$ 100,000
Royalties	193,071
Section Receivables	9,707
Other Receivables	<u>196,970</u>
Total Contributions and Accounts Receivable, Net	<u><u>\$ 499,748</u></u>

All receivables are due within one year.

**4. INVESTMENTS**

Investments, at fair value or net asset value (NAV), consisted of the following as of December 31, 2021:

Unit Investment Trusts (Valued at NAV)	\$ 3,555,296
Exchange-Traded Funds	2,620,503
Corporate Bonds	463,531
Other Bonds	522,607
Cash Equivalents	840,190
Fixed-Income Mutual Funds	288,845
Equity Mutual Funds	<u>487,887</u>
Total Investments	<u><u>\$ 8,778,859</u></u>

As of December 31, 2021, approximately \$4,565,000 of the investment balance was allocated to the Sections.

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4. INVESTMENTS (CONTINUED)

Net investment return is summarized as follows for the year ended December 31, 2021:

Interest and Dividends	\$ 203,516
Unrealized Gains	1,064,875
Realized Loss	(39,564)
Investment Fees	<u>(107,980)</u>
Net Investment Return	<u>\$ 1,120,847</u>

5. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP and requires disclosures about fair value measurement for assets and liabilities that are measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, or unobservable, whereby assumptions about market participants are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy are described as follows:

*Level 1* - inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date;

*Level 2* - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; and

*Level 3* - unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2021, AWHONN's investments and the assets and liability related to the deferred compensation plan were measured at fair value on a recurring basis.

AWHONN follows the measurement provisions of FASB Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance amends the Fair Value Measurements topic and permits, as a practical expedient, fair value of investments within its scope to be estimated using net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with the measurement principles of an investment company or that has the attributes of an investment company.

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which is effective for non-public entities for fiscal years beginning after December 15, 2016, with early adoption permitted. This standard

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**5. FAIR VALUE MEASUREMENTS (CONTINUED)**

removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using NAV per share as a practical expedient. Accordingly, applicable investments measured at fair value on a recurring basis using NAV or its equivalent as a practical expedient are excluded from the fair value hierarchy disclosures and included as a reconciling item in Note 4 of these financial statements.

The following table summarizes AWHONN's assets and liabilities measured at fair value on a recurring basis as of December 31, 2021, aggregated by the fair value hierarchy level within which those measurements were made:

	Fair Value	Quoted Prices in Active Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Investments				
<u>Exchange-Traded Funds</u>				
Technology	\$ 1,177,181	\$ 1,177,181	\$ -	\$ -
Health	317,007	317,007	-	-
Industrials	282,318	282,318	-	-
Consumer Cyclical	442,299	442,299	-	-
Equity Energy	79,643	79,643	-	-
Financial	134,371	134,371	-	-
Other	176,876	176,876	-	-
Fixed Income	10,808	10,808	-	-
<u>Fixed-Income Mutual Funds</u>				
Nontraditional Bond	776,732	776,732	-	-
Corporate Bonds	463,531	-	463,531	-
Other Bonds	522,607	-	522,607	-
Total Investments at Fair Value	4,383,373	<u>\$ 3,397,235</u>	<u>\$ 986,138</u>	<u>\$ -</u>
Cash and Cash Equivalents	840,190			
Investments Held at NAV	<u>3,555,296</u>			
Total Investments	8,778,859			
Assets Held for Deferred Compensation Plan				
<u>Equity Mutual Funds</u>				
Am Funds Growth Fund of America	2,805	2,805	-	-
MFS Value A Fund	2,878	2,878	-	-
U.S. Large-Cap	81,058	81,058	-	-
U.S. Small/Mid-Cap	72,103	72,103	-	-
Real Estate Securities	1,968	1,968	-	-
Am Funds EuroPacific Growth Fund	3,750	3,750	-	-
Am Funds New Perspective Fund	940	940	-	-
Am Funds New World Fund	934	934	-	-
Total Assets Held for Deferred Compensation Plan	<u>166,436</u>	<u>166,436</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 8,945,295</u>	<u>\$ 166,436</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Deferred Compensation	<u>\$ 166,436</u>	<u>\$ 166,436</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 166,436</u>	<u>\$ 166,436</u>	<u>\$ -</u>	<u>\$ -</u>

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**5. FAIR VALUE MEASUREMENTS (CONTINUED)**

AWHONN used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

*Exchange-Traded Funds, Mutual Funds, and Money Funds* - Valued at readily available quoted market prices from an active market where there is significant transparency in the executed/quoted market price.

*Corporate and Other Bonds* - Valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. A yield-based matrix system was used to arrive at an estimated market value for the bonds (a market valuation approach).

*Deferred Compensation Liability* - Value is based on the fair value of investments corresponding to the employee’s investment selections (see mutual funds above for valuation technique used for the employee’s investment selections) plus the value of cash accruals for amounts not yet transferred to the plan assets.

The table below details AWHONN’s ability to redeem investment funds valued at NAV or its equivalent as of December 31, 2021:

	Fair Value	Number of Funds	Unfunded Commitments	Redemption Frequency, if Currently Eligible	Redemption Notice Period
Unit Investment Trusts	\$ 3,555,296	7	\$ -	Daily	2 to 3 days

**6. PROPERTY AND EQUIPMENT**

AWHONN’s property and equipment consisted of the following as of December 31, 2021:

Furniture and Equipment	\$ 2,136,043
Website	1,874,349
Leasehold Improvements	1,359,118
Video Publication Workshop	<u>437,185</u>
Total Property and Equipment	5,806,695
Less Accumulated Depreciation and Amortization	<u>(5,031,966)</u>
Property and Equipment, Net	<u>\$ 774,729</u>

Depreciation and amortization expense totaled \$216,461 for the year ended December 31, 2021.

**7. LINE OF CREDIT**

AWHONN entered into a loan management account agreement with its investment custodian that is collateralized by AWHONN’s investments. AWHONN can draw amounts on the credit facility up to \$500,000. Amounts drawn on the credit facility are due on demand and bear interest based on the one-month LIBOR plus a fixed interest spread of 3.625%. As of December 31, 2021, AWHONN had no outstanding balance due on this credit facility and had not drawn on it during the year.



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**8. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2021, AWHONN’s net assets with donor restrictions were available for the following projects or purposes under the nursing, research, education, and practices program:

Diapering Zone	\$ 183,505
Pampers/Proctor & Gamble	65,000
Respectful Maternity Care	10,000
ANA Firstline	5,363
Huggies Special Projects	1,194
Total Net Assets With Donor Restrictions	\$ 265,062

Net assets released from donor restrictions for the year ended December 31, 2021, were as follows:

Respectful Care EBG	\$ 190,000
Empowering Women to Obtain Needed Care	45,482
Diapering Zone	1,716
Huggies Special Projects	1,547
ANA Firstline	4,612
Emerging Leader	14,138
Total Net Assets Released from Donor Restrictions	\$ 257,495

**9. COMMITMENTS, RISKS, AND CONTINGENCIES**

***Operating Leases***

In October 2015, AWHONN entered into a lease agreement for new office space in Washington, D.C. The lease commencement date was March 1, 2016. The lease has an initial lease term of 11 years from the lease commencement date, with a five-year renewal option. Annual base rent is \$1,000,340, with a fixed annual escalation of 2.5%. AWHONN received an abatement of the base rent during the first 12 months of the lease term. The lease required a security deposit of \$333,447 which is included in deposits in the accompanying statement of financial position. AWHONN also received a construction allowance of \$1,182,591.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as part of deferred rent and lease incentive in the accompanying statement of financial position.

Future minimum lease payments related to the office lease is as follows:

For the Years Ending December 31,

2022	\$ 1,164,365
2023	1,193,375
2024	1,223,234
2025	1,253,850
2026	1,285,194
Thereafter	215,073
	\$ 6,335,091

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9. COMMITMENTS, RISKS, AND CONTINGENCIES (CONTINUED)

*Operating Leases (Continued)*

A portion of the leased space is subleased to an unaffiliated not-for-profit organization. The above lease expense will be offset by payments due under the sublease as follows:

For the Years Ending December 31,

2022	\$ 50,400
2023	<u>12,600</u>
	<u>\$ 63,000</u>

For 2021, rental expenses amounted to approximately \$1,101,000 and rental income under the sublease was approximately \$50,000.

*Contractual Commitments*

AWHONN has entered into various letters of agreement for commitments for hotel accommodations for its planned conventions through 2023. In the event AWHONN were to cancel these reservations or fail to use a specified percentage of the total space reserved, AWHONN would be required to pay liquidated damages based upon the date the hotel was notified of the cancellation or reduction in requested rooms, as well as the hotel's ability to fill the resulting vacancies.

*Concentration of Credit Risk*

AWHONN maintains its cash and cash equivalents with commercial financial institutions which aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution and the National Credit Union Administration (NCUA) insured limit of \$500,000 per depositor. AWHONN monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

*Financial Risk*

AWHONN invests in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

*Concentration of Revenue and Support*

As of December 31, 2021, two donors comprised approximately 43% of total contributions and accounts receivable. AWHONN received approximately 23% of its revenue from two customers during 2021.

*Contingencies*

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

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**10. PENSION PLANS**

AWHONN has a defined contribution pension plan (the Plan) which operates under Section 403(b) of the Internal Revenue Code (the IRC). The Plan covers all of AWHONN's full-time employees. AWHONN matches up to 6% of an employee's salary for those employees who elect to contribute to the Plan. Employees become fully vested in AWHONN's contributions after participating in the Plan for three years. Non-vested contributions for terminated employees are forfeited and used to reduce subsequent AWHONN contributions.

In addition, AWHONN also has a deferred compensation plan for its eligible executive under the IRC Section 457(b). Under the 457(b) plan, contributions to the 457(b) plan are fully vested and nonforfeitable at all times. AWHONN did not make any discretionary contributions to the 457(b) plan for the year ended December 31, 2021.

AWHONN's combined contributions for these plans totaled approximately \$390,000 for the year ended December 31, 2021.

**11. PPP REFUNDABLE ADVANCE**

During 2021, AWHONN received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$879,792. The PPP loan was forgiven in full in November 2021 and is included in contributions on the statement of activities for the year ended December 31, 2021.

**12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 20, 2022, which is the date the financial statements were available to be issued.