



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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2019**

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

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DECEMBER 31, 2019

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## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the Association of Women's Health, Obstetric and Neonatal Nurses (AWHONN), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association of Women's Health, Obstetric and Neonatal Nurses as of December 31, 2019, 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.

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

***Report on Summarized Comparative Information***

We previously audited Association of Women's Health, Obstetric and Neonatal Nurses' 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional revenue on page 22 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

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

Bethesda, Maryland  
July 7, 2020

Certified Public Accountants

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

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,499,154	\$ 2,050,262
Contributions Receivable, Net	216,250	874,980
Accounts Receivable, Net	611,802	212,753
Inventory	51,342	47,217
Prepaid Expenses	437,774	382,097
Investments	7,268,860	5,659,985
Deposits	333,447	333,447
Deferred Compensation Plan Assets	100,975	78,582
Property and Equipment, Net	<u>1,111,113</u>	<u>1,085,600</u>
<b>Total Assets</b>	<b><u>\$ 11,630,717</u></b>	<b><u>\$ 10,724,923</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 875,736	\$ 785,701
Deferred Membership Dues	1,316,368	1,353,248
Other Deferred Revenue	545,457	596,608
Deferred Compensation Plan Obligation	100,975	78,582
Deferred Rent and Lease Incentive	<u>1,819,097</u>	<u>1,950,087</u>
Total Liabilities	4,657,633	4,764,226
<b>Net Assets</b>		
Without Donor Restrictions	6,327,377	4,784,100
With Donor Restrictions	<u>645,707</u>	<u>1,176,597</u>
Total Net Assets	<u>6,973,084</u>	<u>5,960,697</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 11,630,717</u></b>	<b><u>\$ 10,724,923</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, 2019  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)**

	2019		2019 Total	2018 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Support and Revenue</b>				
Member Services and Operations	\$ 3,725,510	\$ -	\$ 3,725,510	\$ 7,339,199
Marketing, Communications, and Publications	2,000,873	25,000	2,025,873	2,909,284
Partnerships and Meetings	2,633,029	-	2,633,029	2,753,632
Sections	1,463,676	-	1,463,676	1,459,712
Other	54,235	-	54,235	90,882
Education	4,290,907	25,000	4,315,907	1,005,226
Net Assets Released from Restrictions	580,890	(580,890)	-	-
<b>Total Support and Revenue</b>	<b>14,749,120</b>	<b>(530,890)</b>	<b>14,218,230</b>	<b>15,557,935</b>
<b>Expenses</b>				
Program Services				
Partnerships and Meetings	2,434,613	-	2,434,613	2,446,448
Marketing, Communications, and Publications	2,011,733	-	2,011,733	2,347,596
Education	2,242,594	-	2,242,594	1,913,361
Research and Policy	790,514	-	790,514	638,306
Sections	1,222,361	-	1,222,361	1,256,905
<b>Total Program Services</b>	<b>8,701,815</b>	<b>-</b>	<b>8,701,815</b>	<b>8,602,616</b>
Supporting Services				
Member Services and Operations	1,464,839	-	1,464,839	1,806,932
Finance, Administration, and Technology	3,851,683	-	3,851,683	4,028,770
Fundraising	96,189	-	96,189	23,019
<b>Total Supporting Services</b>	<b>5,412,711</b>	<b>-</b>	<b>5,412,711</b>	<b>5,858,721</b>
<b>Total Expenses</b>	<b>14,114,526</b>	<b>-</b>	<b>14,114,526</b>	<b>14,461,337</b>
Change in Net Assets from Operations	634,594	(530,890)	103,704	1,096,598
<b>Nonoperating Activities</b>				
Net Investment Return	908,683	-	908,683	(383,211)
<b>Total Nonoperating Activities</b>	<b>908,683</b>	<b>-</b>	<b>908,683</b>	<b>(383,211)</b>
Change in Net Assets	1,543,277	(530,890)	1,012,387	713,387
Net Assets, Beginning of Year	4,784,100	1,176,597	5,960,697	5,247,310
<b>Net Assets, End of Year</b>	<b>\$ 6,327,377</b>	<b>\$ 645,707</b>	<b>\$ 6,973,084</b>	<b>\$ 5,960,697</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, 2019  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)**

	Program Services					Supporting Services					2019 Total	2018 Total
	Partnerships and Meetings	Marketing, Communications, and Publications	Education	Research and Policy	Sections	Total Program Services	Member Services and Operations	Finance, Administration, and Technology	Fundraising	Total Supporting Services		
Salaries and Benefits	\$ 594,914	\$ 1,359,671	\$ 1,326,697	\$ 408,442	\$ -	\$ 3,689,724	\$ 1,186,411	\$ 1,011,766	\$ 29,848	\$ 2,228,025	\$ 5,917,749	\$ 6,799,182
Conference	1,238,179	6,123	50,936	31,735	907,694	2,234,667	43,593	70,360	1,268	115,221	2,349,888	2,039,705
Consultants	71,850	158,708	232,098	8,000	-	470,656	36,178	1,209,785	6,000	1,251,963	1,722,619	1,631,955
Rent	106,043	242,362	236,484	72,805	-	657,694	-	391,825	-	391,825	1,049,519	1,040,725
Travel	103,440	15,385	95,040	37,807	204,598	456,270	58,867	139,952	4,545	203,364	659,634	713,554
Processing Fees	38,222	87,355	85,237	26,241	23,743	260,798	-	141,227	-	141,227	402,025	342,230
Dues and Subscriptions	3,268	832	36,721	28,398	5,453	74,672	199	214,606	-	214,805	289,477	235,536
Depreciation and Amortization	22,118	50,550	49,324	15,185	-	137,177	-	81,724	-	81,724	218,901	212,107
Production/Publications	57,400	-	15,341	11,000	17,222	100,963	80,213	1,500	-	81,713	182,676	248,852
Temporary Staff	17,500	-	-	3,360	-	20,860	49,717	51,484	50,960	152,161	173,021	67,686
Fellowship and Awards	6,454	-	-	101,837	8,868	117,159	-	1,397	299	1,696	118,855	92,860
Miscellaneous	5,309	21,258	4,640	11,639	6,974	49,820	2,066	57,203	3,269	62,538	112,358	115,973
Telephone	62,140	13,797	12,858	4,019	-	92,813	-	21,305	-	21,305	114,118	142,844
Equipment Rental and Maintenance	9,723	22,221	21,682	6,675	51	60,352	-	35,925	-	35,925	96,277	104,767
Honoraria	33,886	-	43,448	1,800	12,288	91,422	-	-	-	-	91,422	70,106
Legal	-	-	-	-	-	-	-	90,981	-	90,981	90,981	75,081
Insurance	8,513	19,457	18,985	5,845	-	52,801	-	31,456	-	31,456	84,257	60,920
Printing	3,227	-	2,387	233	13,466	19,313	364	55,931	-	56,295	75,608	55,394
Promotion	34,770	12,809	-	1,000	905	49,484	4,831	17,496	-	22,327	71,811	91,317
Officers' Stipend	-	-	-	-	-	-	-	65,000	-	65,000	65,000	65,000
Supplies	1,203	943	1,034	2,219	14,059	19,458	222	29,060	-	29,282	48,740	44,851
Costs of Goods Sold	-	-	-	-	-	-	-	47,335	-	47,335	47,335	66,713
Postage and Shipping	16,454	262	-	12,274	1,893	30,883	499	6,612	-	7,111	37,994	71,945
Audit	-	-	-	-	-	-	-	36,304	-	36,304	36,304	36,230
Staff Training	-	-	9,682	-	-	9,682	1,679	20,851	-	22,530	32,212	20,658
Recruiting Fees	-	-	-	-	5,147	5,147	-	10,236	-	10,236	15,383	10,201
Section Activity	-	-	-	-	-	-	-	10,362	-	10,362	10,362	4,845
New Program Contingency	-	-	-	-	-	-	-	-	-	-	-	100
<b>Total</b>	<b>\$ 2,434,613</b>	<b>\$ 2,011,733</b>	<b>\$ 2,242,594</b>	<b>\$ 790,514</b>	<b>\$ 1,222,361</b>	<b>\$ 8,701,815</b>	<b>\$ 1,464,839</b>	<b>\$ 3,851,683</b>	<b>\$ 96,189</b>	<b>\$ 5,412,711</b>	<b>\$ 14,114,526</b>	<b>\$ 14,461,337</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, 2019  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 1,012,387	\$ 713,387
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	218,901	212,107
Net (Gain) Loss on Investments	(809,230)	544,461
Changes in Assets and Liabilities		
Contributions Receivable	658,730	(751,187)
Accounts Receivable	(399,049)	155,890
Inventory	(4,125)	21,870
Prepaid Expenses	(55,677)	(131,721)
Deposits	-	69,473
Accounts Payable and Accrued Expenses	90,035	57,393
Deferred Membership Dues	(36,880)	178,727
Other Deferred Revenue	(51,151)	(271,016)
Deferred Compensation Plan Obligation	22,393	(3,393)
Deferred Rent and Lease Incentive	(130,990)	(104,769)
	<u>515,344</u>	<u>691,222</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(2,941,526)	(4,229,791)
Proceeds from Sale or Maturity of Investments	2,141,881	4,061,660
Purchase of Deferred Compensation Plan Assets	(22,393)	3,393
Purchases of Property and Equipment	(244,414)	(10,576)
	<u>(1,066,452)</u>	<u>(175,314)</u>
<b>Net Cash Used in Investing Activities</b>		
Net (Decrease) Increase in Cash and Cash Equivalents	(551,108)	515,908
Cash and Cash Equivalents, Beginning of Year	<u>2,050,262</u>	<u>1,534,354</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,499,154</u>	<u>\$ 2,050,262</u>

*See accompanying Notes to Financial Statements.*



ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization*

The 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 \$769,000 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, 2019, 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, 2019

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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.

*Presentation of Revenue*

The following is an explanation of certain revenue categories presented in the statement of activities:

*Member Services and Operations:* Revenue related to membership dues, royalty income, product sales, and webinars.

*Communications and Publications:* Revenue from royalty income, the sale of products and services to members, and the general population of nurses within the specialties of women's health, obstetrics and neonatal nursing.

*Partnerships and Meetings:* Revenue from the annual convention, AWHONN strategic alliance (ASA) dues, and contributions.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

*Presentation of Revenue (Continued)*

*Sections:* Revenue mostly from section dues, grants, and conferences related to education, leadership development and opportunities to network with colleagues and other health care providers, and investment income related to the sections investments.

*Education:* Revenue derived from the development of educational products relevant to women's health, obstetrics and neonatal nursing through grants and registration fees.

*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.

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 in which payments are received and/or 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.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

*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, 2019. During the year ended December 31, 2019, there were no estimated tax payments made to tax authorities as no amount was due.

AWHONN performed an evaluation of uncertainty in income taxes for the year ended December 31, 2019, 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, 2019, 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. Income taxes paid are recognized as non-operating activities.

*Reclassification*

Certain 2018 amounts have been reclassified for comparative purposes.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

*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, 2018, from which the summarized information was prepared.

**2. ADOPTION OF ACCOUNTING STANDARDS**

*Accounting Standards Update 2018-08*

During the year ended December 31, 2019, AWHONN adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. The impact of adoption was not material to the financial statements.

*Accounting Standards Codification Topic 606*

During the year ended December 31, 2019, AWHONN adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of January 1, 2019. Analysis of the various provisions of this standard resulted in no significant changes in the way AWHONN recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

**3. 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,

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3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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, 2019.

As of December 31, 2019, the following financial assets and liquidity resources were available for general operating expenditures in the year ending December 31, 2020:

*Financial Assets*

Cash and Cash Equivalents	\$ 1,499,154
Contributions Receivable	216,250
Accounts Receivable	611,802
Investments	<u>7,268,860</u>
Total Current Financial Assets	9,596,066
Less Investments Reserved for Future Operations	(6,832,728)
Less Donor Restricted Net Assets for Purpose	(645,707)

*Other Liquidity Resources*

Available Line of Credit	<u>500,000</u>
Total Financial Assets and Liquid Resources Available within One Year	<u><u>\$ 2,617,631</u></u>

4. CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Contributions and accounts receivable consisted of the following as of December 31, 2019:

Contributions	\$ 216,250
Inventory Sales	438,993
Royalties	65,000
Section Receivables	49,853
Other Receivables	<u>57,956</u>
Total Contributions and Accounts Receivable, Net	<u><u>\$ 828,052</u></u>

All receivables are due within one year.

5. INVESTMENTS

Investments, at fair value, consisted of the following as of December 31, 2019:

Unit Investment Trusts	\$ 2,610,119
Exchange-Traded Funds	1,600,614
Corporate Bonds	907,161
Other Bonds	530,729
Cash Equivalents	1,162,907
Fixed-Income Mutual Funds	266,571
Equity Mutual Funds	<u>190,759</u>
Total Investments	<u><u>\$ 7,268,860</u></u>

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS  
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5. INVESTMENTS (CONTINUED)

As of December 31, 2019, approximately \$3,428,000 of the investment balance was allocated to the Sections.

Net investment return is summarized as follows for the year ended December 31, 2019:

Interest and Dividends	\$ 187,642
Unrealized Gains	802,103
Realized Gains	7,127
Investment Fees	<u>(88,189)</u>
Net Investment Return	<u>\$ 908,683</u>

6. 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, 2019, AWHONN's investments and the assets and liability related to the deferred compensation plan were measured at fair value on a recurring basis, as presented in Note 5.

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.

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

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 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, 2019, aggregated by the fair value hierarchy level within which those measurements were made:

	<u>Fair Value</u>	<u>Quoted Prices in Active Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Assets				
Investments				
<u>Exchange-Traded Funds</u>				
Technology	\$ 604,097	\$ 604,097	\$ -	\$ -
Health	223,730	223,730	-	-
Industrials	223,280	223,280	-	-
Consumer Cyclical	253,600	253,600	-	-
Equity Energy	77,392	77,392	-	-
Financial	110,223	110,223	-	-
Other	108,292	108,292	-	-
<u>Fixed-Income Mutual Funds</u>				
Nontraditional Bond	266,571	266,571	-	-
<u>Equity Mutual Funds</u>				
Foreign Small/Mid-Blend	190,759	190,759	-	-
Corporate Bonds	907,161	-	907,161	-
Other Bonds	530,729	-	530,729	-
Total Investments at Fair Value	<u>3,495,834</u>	<u>\$ 2,057,944</u>	<u>\$ 1,437,890</u>	<u>\$ -</u>
Cash and Cash Equivalents	1,162,907			
Investments Held at NAV	<u>2,610,119</u>			
Total Investments	7,268,860			
Assets Held for Deferred Compensation Plan				
<u>Equity Mutual Funds</u>				
U.S. Small/Mid-Cap	47,299	\$ 47,299	\$ -	\$ -
U.S. Large-Cap	53,676	53,676	-	-
Total Assets Held for Deferred Compensation Plan	<u>100,975</u>	<u>100,975</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 7,369,835</u>	<u>\$ 100,975</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Deferred Compensation	<u>\$ 100,975</u>	<u>\$ 100,975</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 100,975</u>	<u>\$ 100,975</u>	<u>\$ -</u>	<u>\$ -</u>



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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**6. 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, 2019:

	<u>Fair Value</u>	<u>Number of Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Currently Eligible</u>	<u>Redemption Notice Period</u>
Unit Investment Trusts	<u>\$ 2,610,119</u>	7	<u>\$ -</u>	Daily	2 to 3 days

**7. PROPERTY AND EQUIPMENT**

AWHONN's property and equipment consisted of the following as of December 31, 2019:

Furniture and Equipment	\$ 2,112,119
Website	1,874,358
Leasehold Improvements	1,359,118
Video Publication Workshop	<u>322,045</u>
Total Property and Equipment	5,667,640
Less Accumulated Depreciation and Amortization	<u>(4,556,527)</u>
Property and Equipment, Net	<u>\$ 1,111,113</u>

Depreciation and amortization expense totaled \$218,901 for the year ended December 31, 2019.

**8. 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, 2019, AWHONN had no outstanding balance due on this credit facility and had not drawn on it during the year.

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DECEMBER 31, 2019

9. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2019, AWHONN's net assets with donor restrictions were available for the following projects or purposes under the nursing, research, education, and practices program:

Institute for Women's Reproductive Health	\$ 237,362
Empowering Women to Obtain Needed Care	198,797
Oral Health	120,000
Diapering Zone	46,289
Huggies Special Projects	18,259
Emerging Leader	25,000
Total Net Assets With Donor Restrictions	<u>\$ 645,707</u>

Net assets released from donor restrictions for the year ended December 31, 2019, were as follows:

Institute for Women's Reproductive Health	\$ 59,534
Empowering Women to Obtain Needed Care	351,204
Diapering Zone	25,889
Huggies Special Projects	24,518
Alliance for Innovation on Maternal and Child Health	28,938
Research Award and Scholarship	25,000
Women's Health Programs	7,500
Diaper Drive	27,718
Nursing Administration	16,250
TeamStep Training Programs	14,339
Total Net Assets Released from Donor Restrictions	<u>\$ 580,890</u>

10. 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. Office rental expense totaled approximately \$1,050,000 for the year ended December 31, 2019. AWHONN also leases certain office equipment under operating leases. The leases will expire at various times through 2020.

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**NOTES TO FINANCIAL STATEMENTS  
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**10. COMMITMENTS, RISKS, AND CONTINGENCIES (CONTINUED)**

***Operating Leases (Continued)***

Future minimum lease payments related to these leases are as follows:

<u>For the Years Ending December 31,</u>	<u>Equipment</u>	<u>Office Space</u>	<u>Total Commitment</u>
2020	\$ 12,892	\$ 1,099,707	\$ 1,112,599
2021	-	1,134,507	1,134,507
2022	-	1,164,365	1,164,365
2023	-	1,193,375	1,193,375
2024	-	1,223,234	1,223,234
Thereafter	-	2,754,118	2,754,118
	<u>\$ 12,892</u>	<u>\$ 8,569,306</u>	<u>\$ 8,582,198</u>

***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.

Subsequent to year end, AWHONN decided to cancel its annual convention, which was scheduled to be held in June 2020, due to safety concerns and guidance from public health officials related to the spread of COVID-19. Due to the cancellation, AWHONN has an anticipated loss of \$825,500 on the budgeted net income from the planned convention.

***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.

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**10. COMMITMENTS, RISKS, AND CONTINGENCIES (CONTINUED)**

*Concentration of Revenue and Support*

As of December 31, 2019, two donors comprised approximately 42% of total contributions and accounts receivable. AWHONN received approximately 30% of its revenue from three customers during 2019.

**11. 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, 2019.

AWHONN's combined contributions for these plans totaled approximately \$357,000 for the year ended December 31, 2019.

**12. SUBSEQUENT EVENTS**

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and companies 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.

Subsequent events have been evaluated through July 7, 2020, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF FUNCTIONAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Member Services and Operations	Marketing, Communications, and Publications	Partnerships and Meetings	Sections	Other	Education	Total
Dues Revenue	\$ 3,548,289	\$ -	\$ 276,211	\$ 338,408	\$ -	\$ -	\$ 4,162,908
Convention and Exhibit Fees Revenue	-	-	2,104,644	1,008,255	-	65,727	3,178,626
Royalties	41,278	1,318,746	-	-	-	2,710,885	4,070,909
Inventory Sales	51,050	670,445	-	8,113	-	1,370,503	2,100,111
Contributions	-	25,000	250,274	107,734	-	153,226	536,234
Label/List Rental Income	6,349	-	-	-	-	3,002	9,351
Other Income	78,544	11,682	1,900	1,166	54,235	12,564	160,091
<b>Total Revenue from Operations</b>	<b>\$ 3,725,510</b>	<b>\$ 2,025,873</b>	<b>\$ 2,633,029</b>	<b>\$ 1,463,676</b>	<b>\$ 54,235</b>	<b>\$ 4,315,907</b>	<b>\$ 14,218,230</b>