



AMERICAN COLLEGE  
*of* NURSE-MIDWIVES

**With women, for a lifetime<sup>®</sup>**

**AMERICAN COLLEGE OF NURSE-MIDWIVES  
AND AFFILIATE**

**Consolidated Financial Statements**

*For the Years Ended December 31, 2019 and 2018*



**and  
Report Thereon**



**Reports Required in Accordance with  
the Uniform Guidance**

*For the Year Ended December 31, 2019*

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

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For the Years Ended December 31, 2019 and 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
American College of Nurse-Midwives and Affiliate

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of the American College of Nurse-Midwives and Affiliate (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, 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.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Continued

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## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the American College of Nurse-Midwives and Affiliate as of December 31, 2019 and 2018, 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.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 audit 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 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Marcum LLP*

Washington, DC  
September 29, 2020

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 576,311	\$ 467,408
Grants and contributions receivable	375,459	493,858
Accounts receivable, net	41,657	23,838
Prepaid expenses	93,767	87,874
Investments	1,638,000	1,628,538
Inventory	9,635	20,372
Property and equipment, net	150,231	201,624
Intangible assets, net	30,538	41,901
Other assets	<u>19,226</u>	<u>19,226</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,934,824</u></u>	<u><u>\$ 2,984,639</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 417,572	\$ 420,810
Accrued salaries and benefits	162,725	112,748
Deferred membership dues	1,139,780	974,924
Other deferred revenue	216,957	91,501
Line of credit	276,147	-
Deferred rent and lease incentives	<u>232,284</u>	<u>268,273</u>
<b>TOTAL LIABILITIES</b>	<u>2,445,465</u>	<u>1,868,256</u>
<b>Net Assets</b>		
Without donor restrictions	483,789	915,527
With donor restrictions	<u>5,570</u>	<u>200,856</u>
<b>TOTAL NET ASSETS</b>	<u>489,359</u>	<u>1,116,383</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,934,824</u></u>	<u><u>\$ 2,984,639</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Membership dues	\$ 1,639,949	\$ -	\$ 1,639,949	\$ 1,872,584	\$ -	\$ 1,872,584
Meetings and exhibits	1,081,755	-	1,081,755	1,272,065	-	1,272,065
Contributions and sponsorships	191,188	-	191,188	254,007	-	254,007
Global Outreach grants and contribution	1,395,993	-	1,395,993	873,033	-	873,033
Advertising and royalties	334,759	-	334,759	428,331	-	428,331
Accreditation, divisions and committees fees	285,099	-	285,099	270,105	-	270,105
Other	74,054	-	74,054	135,312	-	135,312
Publications and merchandise sales	95,194	-	95,194	99,751	-	99,751
Subscriptions	51,050	-	51,050	46,265	-	46,265
Contributed goods and services	104,070	-	104,070	65,010	-	65,010
Net assets released from restrictions:						
Satisfaction of program restrictions	195,286	(195,286)	-	122,531	(122,531)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>5,448,397</b>	<b>(195,286)</b>	<b>5,253,111</b>	<b>5,438,994</b>	<b>(122,531)</b>	<b>5,316,463</b>
<b>EXPENSES</b>						
Program Services:						
Meetings and exhibits	1,215,167	-	1,215,167	1,298,052	-	1,298,052
Domestic	921,287	-	921,287	972,298	-	972,298
Global Outreach	812,978	-	812,978	702,233	-	702,233
Member services	484,122	-	484,122	636,153	-	636,153
Accreditation	334,454	-	334,454	378,615	-	378,615
Midwifery journal	200,719	-	200,719	169,761	-	169,761
Committees and divisions	60,073	-	60,073	29,523	-	29,523
<b>Total Program Services</b>	<b>4,028,800</b>	<b>-</b>	<b>4,028,800</b>	<b>4,186,635</b>	<b>-</b>	<b>4,186,635</b>
Support Services:						
Management and general	2,111,373	-	2,111,373	1,527,616	-	1,527,616
<b>Total Support Services</b>	<b>2,111,373</b>	<b>-</b>	<b>2,111,373</b>	<b>1,527,616</b>	<b>-</b>	<b>1,527,616</b>
<b>TOTAL EXPENSES</b>	<b>6,140,173</b>	<b>-</b>	<b>6,140,173</b>	<b>5,714,251</b>	<b>-</b>	<b>5,714,251</b>
Change in net assets from operations	(691,776)	(195,286)	(887,062)	(275,257)	(122,531)	(397,788)
Investment income (loss), net	260,038	-	260,038	(86,879)	-	(86,879)
<b>CHANGE IN NET ASSETS</b>	<b>(431,738)</b>	<b>(195,286)</b>	<b>(627,024)</b>	<b>(362,136)</b>	<b>(122,531)</b>	<b>(484,667)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>915,527</b>	<b>200,856</b>	<b>1,116,383</b>	<b>1,277,663</b>	<b>323,387</b>	<b>1,601,050</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 483,789</b>	<b>\$ 5,570</b>	<b>\$ 489,359</b>	<b>\$ 915,527</b>	<b>\$ 200,856</b>	<b>\$ 1,116,383</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2019

	Program Services							Support Services			
	Meetings and Exhibits	Domestic	Global Outreach	Member Services	Accreditation	Midwifery Journal	Committees and Divisions	Total Program Services	Management and General	Total Support Services	Total
Salaries and employee benefits	\$ 103,036	\$ 341,180	\$ 390,614	\$ 209,458	\$ 176,287	\$ -	\$ -	\$ 1,220,575	\$ 1,279,330	\$ 1,279,330	\$ 2,499,905
Consulting and contract services	631,874	272,695	274,964	76,312	42,027	180,743	18,525	1,497,140	335,853	335,853	1,832,993
Meetings	318,593	17,231	607	720	11,591	2,960	1,211	352,913	11,420	11,420	364,333
Travel	60,843	35,879	71,816	5,831	21,210	12,982	2,603	211,164	44,268	44,268	255,432
Miscellaneous other expense	41,309	158,580	43,993	98,410	32,489	3,636	36,748	415,165	153,893	153,893	569,058
Rent and utilities	16,633	68,756	24,311	43,863	36,166	-	-	189,729	197,176	197,176	386,905
Bank charges	35,246	10,007	3,890	6,213	5,199	-	986	61,541	54,250	54,250	115,791
Dues and subscriptions	2,382	16,816	2,702	40,013	9,283	300	-	71,496	28,513	28,513	100,009
Office supplies	5,251	143	81	3,302	202	98	-	9,077	6,670	6,670	15,747
<b>TOTAL EXPENSES</b>	<b>\$ 1,215,167</b>	<b>\$ 921,287</b>	<b>\$ 812,978</b>	<b>\$ 484,122</b>	<b>\$ 334,454</b>	<b>\$ 200,719</b>	<b>\$ 60,073</b>	<b>\$ 4,028,800</b>	<b>\$ 2,111,373</b>	<b>\$ 2,111,373</b>	<b>\$ 6,140,173</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2018

	Program Services							Support Services			
	Meetings and Exhibits	Domestic	Global Outreach	Member Services	Accreditation	Midwifery Journal	Committees and Divisions	Total Program Services	Management and General	Total Support Services	Total
Salaries and employee benefits	\$ 197,437	\$ 483,502	\$ 224,666	\$ 359,975	\$ 242,276	\$ -	\$ -	\$ 1,507,856	\$ 673,423	\$ 673,423	\$ 2,181,279
Consulting and contract services	287,624	244,998	295,691	73,920	45,876	152,722	6,403	1,107,234	394,357	394,357	1,501,591
Meetings	495,688	5,694	629	924	4,821	2,964	19,005	529,725	6,301	6,301	536,026
Travel	222,566	27,510	124,534	4,941	17,188	11,313	3,606	411,658	22,553	22,553	434,211
Miscellaneous other expense	27,088	124,545	18,226	56,760	20,112	2,540	498	249,769	171,875	171,875	421,644
Rent and utilities	23,525	63,236	29,215	46,325	31,690	-	-	193,991	181,380	181,380	375,371
Bank charges	38,660	12,025	5,235	8,300	5,708	-	-	69,928	42,853	42,853	112,781
Dues and subscriptions	3,114	10,070	3,753	36,206	10,571	205	-	63,919	26,092	26,092	90,011
Office supplies	2,350	718	284	48,802	373	17	11	52,555	8,782	8,782	61,337
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,298,052</u></b>	<b><u>\$ 972,298</u></b>	<b><u>\$ 702,233</u></b>	<b><u>\$ 636,153</u></b>	<b><u>\$ 378,615</u></b>	<b><u>\$ 169,761</u></b>	<b><u>\$ 29,523</u></b>	<b><u>\$ 4,186,635</u></b>	<b><u>\$ 1,527,616</u></b>	<b><u>\$ 1,527,616</u></b>	<b><u>\$ 5,714,251</u></b>

The accompanying notes are an integral part of these consolidated financial statements.



**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (627,024)	\$ (484,667)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	79,381	71,653
Change in present value discount for contribution	-	(6,114)
Change in allowance for doubtful accounts	-	(23,038)
Net realized and unrealized (gains) losses	(208,728)	126,254
Changes in assets and liabilities:		
Accounts receivable	(17,819)	18,370
Grants and contributions receivable	118,399	(77,698)
Prepaid expenses	(5,893)	9,062
Inventory	10,737	13,731
Accounts payable	(3,238)	68,676
Accrued salaries and benefits	49,977	(4,693)
Deferred membership dues	164,856	(78,267)
Other deferred revenue	125,456	(33,992)
Deferred rent and lease incentives	(35,989)	(25,355)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(349,885)</u>	<u>(426,078)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	401,248	449,055
Purchases of investments	(201,982)	(182,264)
Purchases of property and equipment	(16,625)	(33,102)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>182,641</u>	<u>233,689</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdowns from the line of credit	<u>276,147</u>	<u>-</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>276,147</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	108,903	(192,389)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>467,408</u>	<u>659,797</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 576,311</u>	<u>\$ 467,408</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Taxes paid	<u>\$ 5,011</u>	<u>\$ 9,600</u>

The accompanying notes are an integral part of these consolidated financial statements.

# AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The American College of Nurse-Midwives (ACNM) is a nonprofit organization founded in 1955 to support midwives and advance the practice of midwifery. Efforts are focused on education, research and advocacy that promote clinical excellence, expansion of a diverse workforce and equitable legislation, and policies that establish midwifery as the standard of care for women. These activities are funded primarily through grants and contracts, membership dues, and annual meeting registration and sponsorships.

ACNM has created a political action committee called the American College of Nurse-Midwives Midwives-PAC (the PAC).

#### **Principles of Consolidation**

The financial statements of ACNM have been consolidated with the financial statements of the PAC, as ACNM maintains both control of and an economic interest in the PAC. All significant intercompany balances and transactions have been eliminated in consolidation. Except when referred to separately, the consolidated entity is referred to as "the Organization" in the accompanying consolidated financial statements and related notes.

#### **Cash Equivalents**

The Organization considers money market funds and all highly liquid investments purchased with maturities of three months or less that are not held in investment accounts to be cash equivalents.

#### **Accounts Receivable**

The Organization uses the allowance method to record accounts receivable at their estimated net realizable value. The allowance for doubtful accounts is based on various factors, including management's analysis of the collectibility of the accounts, historical write-off of expenses and current economic conditions. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

#### **Inventory**

Inventory consists of publications and promotional items offered for sale. Inventory is recorded at net realizable value.

#### **Investments**

Investments are composed of cash and mutual funds, and are recorded in the accompanying consolidated financial statements at fair value. 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. All investment earnings or losses, including unrealized gains and losses resulting from fluctuations in the fair value of the investments, are recognized in the accompanying consolidated statements of activities.

# AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Fair Value Measurement**

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 accounting principles generally accepted in the United States of America (GAAP), and requires disclosures about fair value measurements for assets and liabilities 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 measurement, 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, and unobservable, whereby assumptions about market participant assumptions 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.

*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 and 2018, the Organization's investments, as described in Notes 3 and 4 of these consolidated financial statements, were measured at fair value on a recurring basis.

#### **Property and Equipment and Related Depreciation**

Property and equipment are stated at cost and are being depreciated using the straight-line method over the estimated lives of the respective assets, which range from three to 10 years. Leasehold improvements are amortized using the straight-line method over the shorter of the useful life of the leasehold improvements or the remaining life of the lease. Expenditures for major repairs and improvements that extend the useful life of an asset are capitalized, whereas expenditures for minor repairs and maintenance costs are expensed when incurred. Costs incurred in the development of software for internal use are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the application development stage of software development are capitalized. The cost of furniture and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income or expense in the accompanying consolidated statements of activities.

Continued

# AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Capitalized Software Costs**

The Organization capitalized certain costs associated with membership database software developed or obtained for internal use in accordance with the provisions of FASB ASC 350-40, *Internal Use Software*. The Organization's policy provides for the capitalization of external direct costs of materials and services. Costs associated with preliminary project activities, data migration, training and maintenance are expensed as incurred. Capitalized costs are amortized over the estimated useful life of five years, on a straight-line basis, and are reflected as intangible assets in the accompanying consolidated statements of financial position.

#### **Classification of Net Assets**

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board of Directors (the Board).
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time.

#### **Revenue Recognition**

Membership dues are on an anniversary-date basis and are recognized ratably over the membership period since there are no distinct performance obligations and the general member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period. Accordingly, dues paid by members in advance of the reporting period to which the dues pertain are reported as deferred membership dues in the accompanying consolidated statements of financial position.

The Organization receives grants and contributions from various entities. These amounts are included in Global Outreach grants and contributions and contributions and sponsorships, in the accompanying consolidated statements of activities. Contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. The Organization recognizes all unconditional contributed support in the reporting period in which the commitment is made. Unconditional grants and contributions are considered to be revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. The Organization reports grants of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets to particular purposes or to future periods. When the stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Unconditional grants and contributions that have been promised as of year-end, but have not been received, are shown as grants and contributions receivables in the accompanying consolidated statements of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value.

# AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Revenue Recognition (continued)**

Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not included as revenue and support until such time as the conditions are substantially met. Amounts recognized and released in the same year under conditional grants are included as support in net assets without donor restrictions.

Meetings registration and exhibits revenue and the related costs are recognized at the point in time the meetings takes place. Accordingly, payments received in advance of the meetings are reported as other deferred revenue in the accompanying consolidated statements of financial position. Expenses paid in advance of the meetings are recorded as prepaid expenses in the accompanying consolidated statements of financial position.

Annual meeting sponsorships are considered conditional contributions until the annual meeting takes place and therefore are not recognized until the annual meeting takes place. Accordingly, sponsorships for the annual meeting received in advance are recorded as other deferred revenue in the accompanying consolidated statements of financial position.

Royalty income from publications, advertising revenue and publication revenue are recognized at the point in time the publication is shipped. Amounts received in advance, but not yet earned, are recorded as other deferred revenue in the accompanying consolidated statements of financial position.

Accreditation, divisions and committees fees are recognized as revenue at the time of the accreditation, which is when the services are provided to divisions and committees.

Merchandise sales are recorded as revenue when the goods are shipped.

Contributed goods or services are recognized as contributions at the estimated fair value of the goods or services when the goods or services are received or when an unconditional pledge to contribute the goods or services has been made.

#### **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 functional expenses. Expenses directly attributed to specific functional areas of the Organization are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employees' timesheets. Fringe benefits and shared costs (such as rent, insurance and telephone services) that benefit multiple functional areas have been allocated among the various functional areas based on the actual time and effort expended on those functional areas.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

**Measure of Operations**

The Organization considers all investment income to be nonoperating in nature.

**New Accounting Pronouncements**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments on January 1, 2019, using the modified retrospective method and elected to apply the standard only to program service contracts that were not completed as of that date. The adoption of the standard did not impact the Organization's results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

2. Grants and Contributions Receivable

Grants and contributions receivable of \$375,459 and \$493,858 as of December 31, 2019 and 2018, respectively, were all due within one year and are deemed fully collectible. Accordingly, no allowance for uncollectible grants and contributions receivable have been provided.

3. Investments

Investments, at fair value, consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Mutual funds:		
Equity:		
U.S.	\$ 693,179	\$ 538,438
International	237,537	195,213
Fixed income	487,264	467,457
Market neutral	73,430	71,069
World allocation	59,221	41,772
Cash	<u>87,369</u>	<u>320,589</u>
Total Investments	<u>\$ 1,638,000</u>	<u>\$ 1,628,538</u>

Continued

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2019 and 2018**

4. Fair Value Measurement

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of December 31, 2019 and 2018, aggregated by the fair value hierarchy level within which those measurements were made:

<u>As of December 31, 2019:</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Equity:				
U.S.	\$ 693,179	\$ 693,179	\$ -	\$ -
International	237,537	237,537	-	-
Fixed income	487,264	487,264	-	-
Market neutral	73,430	73,430	-	-
World allocation	<u>59,221</u>	<u>59,221</u>	<u>-</u>	<u>-</u>
Total Investments Measured at Fair Value	1,550,631	<u>\$ 1,550,631</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	<u>87,369</u>			
Total Investments	<u>\$ 1,638,000</u>			

<u>As of December 31, 2018:</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Equity:				
U.S.	\$ 538,438	\$ 538,438	\$ -	\$ -
International	195,213	195,213	-	-
Fixed income	461,457	461,457	-	-
Market neutral	71,069	71,069	-	-
World allocation	<u>41,772</u>	<u>41,772</u>	<u>-</u>	<u>-</u>
Total Investments Measured at Fair Value	1,307,949	<u>\$ 1,307,949</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	<u>320,589</u>			
Total Investments	<u>\$ 1,628,538</u>			

Continued

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended December 31, 2019 and 2018**

4. Fair Value Measurement (continued)

The Organization used the following methods and significant assumption to estimate fair value for assets recorded at fair value:

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

5. Property and Equipment and Related Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 373,867	\$ 373,867
Leasehold improvements	209,198	209,198
Computer hardware and software	79,691	63,068
Furniture	<u>131,507</u>	<u>131,506</u>
Total Property and Equipment	794,263	777,639
Less: Accumulated Depreciation and Amortization	<u>(644,032)</u>	<u>(576,015)</u>
Property and Equipment, Net	<u>\$ 150,231</u>	<u>\$ 201,624</u>

Depreciation and amortization expense was \$79,381 and \$71,653, respectively, for the years ended December 31, 2019 and 2018.

6. Net Assets With Donor Restrictions

As of December 31, 2019 and 2018, net assets with donor restrictions were restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Maternity Care Education and Practice Redesign	\$ -	\$ 176,429
Survive and Thrive Global Development Alliance Project	-	18,857
Committee for Advancement of Midwifery Practice	<u>5,570</u>	<u>5,570</u>
Total Subject to Specified Purpose	<u>\$ 5,570</u>	<u>\$ 200,856</u>

Continued



## AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

#### 7. Commitments and Risks

##### **Office Lease**

The Organization has a noncancelable operating lease for its headquarters' office space in Silver Spring, Maryland, which expires on September 30, 2023. The lease provides for three months of rent abatement, and contains a fixed escalation clause for increases in the annual minimum rent. Additionally, under the terms of the lease, the Organization received an allowance of \$210,453 for building improvements as an incentive to enter into the lease agreement. Under the terms of the lease, the Organization is responsible for its proportionate share of real estate taxes and operating and maintenance costs of the landlord.

Under GAAP, all fixed rent increases, less any rental abatements and all lease incentives, are recognized on a straight-line basis over the term of the lease. The difference between rent paid and rent expensed is reflected as deferred rent and lease incentives in the accompanying consolidated statements of financial position.

Future minimum lease payments required under this operating lease are as follows:

<u>For the Year Ending December 31,</u>	
2020	\$ 375,467
2021	386,762
2022	398,375
2023	<u>305,447</u>
Total	<u>\$ 1,466,051</u>

Rent expense for this lease totaled \$347,054 and \$349,845, respectively, for the years ended December 31, 2019 and 2018.

##### **Annual Meeting Commitments**

The Organization has entered into agreements with several venues to provide conference facilities and room accommodations for its annual meeting through 2023. The agreements contain various clauses whereby the Organization is liable for liquidated damages in the event of cancellation or lower-than-anticipated attendance. The Organization's management does not believe that any losses will be incurred under these contracts.

##### **Publication Contract**

On April 27, 2017, the Organization entered into an agreement with Wiley Periodicals, Inc. (Wiley) to provide publishing services for 2018 and 2019. Under the contract, Wiley guarantee the Organization a royalty payment equivalent to \$216,000 for 2018 and 2019. The Organization has recognized a royalty related to this contract of \$216,942 and \$217,378 for the years ended December 31, 2019 and 2018, respectively, which is included in advertising and royalties in the accompanying consolidated statements of activities.

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2019 and 2018**

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7. Commitments and Risks (continued)

**Compliance Audit**

The Organization has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be insignificant.

8. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 581,096	\$ 467,408
Pledges receivable	375,459	493,858
Accounts receivable	36,872	23,838
Investments	<u>1,638,000</u>	<u>1,628,538</u>
Total Financial Assets Available Within One Year	2,631,427	2,613,642
Less:		
Amounts unavailable for general expenditures within one year due to donors with purpose restrictions	<u>(5,570)</u>	<u>(200,856)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,625,857</u>	<u>\$ 2,412,786</u>

The Organization 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. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of the Organization's liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. The Organization can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. To help manage unanticipated liquidity needs, the Organization has a committed line of credit, of which \$497,749 and \$746,512 was unused and available to draw upon as of December 31, 2019 and 2018, respectively.

Continued

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended December 31, 2019 and 2018**

9. Line of Credit

The Organization has a line of credit that allows the Organization to draw funds based on the value of the long-term investments, which resulted in approximately \$497,749 and \$746,512, respectively, being available for the Organization to borrow as of December 31, 2019 and 2018. The line of credit is secured by the Organization's long-term investments with the bank. Amounts drawn on this line accrue interest at the bank's base lending rate, minus 2.75% per annum, which totaled 3.75% and 4.25% as of December 31, 2019 and 2018, respectively. As of December 31, 2019, the outstanding balance on the line of credit was \$276,147. As of December 31, 2018, there was no outstanding amount under this line of credit.

10. American College of Nurse-Midwives Midwives-PAC

The PAC, which is controlled by ACNM and included in these consolidated financial statements, maintains its funds in segregated accounts, as required by the Internal Revenue Service and the Federal Election Commission. The PAC's assets and liabilities as of December 31, 2019 and 2018, and revenues and expenses for the years then ended are summarized as follows:

	<u>2019</u>	<u>2018</u>
Total assets	\$ 323,768	\$ 293,343
Total liabilities	<u>4,000</u>	<u>4,050</u>
Net Assets	<u>\$ 319,768</u>	<u>\$ 289,293</u>
Total Contribution Revenue	<u>\$ 87,002</u>	<u>\$ 100,448</u>
Total Expenses	<u>\$ 56,527</u>	<u>\$ 83,077</u>

11. Accreditation Commission for Midwifery Education

The Accreditation Commission for Midwifery Education (ACME) serves as an autonomous body within the Organization with respect to the development, review, evaluation and administration of all policies and procedures related to the accreditation of programs and institutions offering midwifery education. Funds resulting from ACME's activities are board-designated for the exclusive use of the division. The Organization provides ACME with unrestricted funds to the extent that operational expenses exceed revenue. ACME's net assets as of December 31, 2019 and 2018, and revenues and expenses for the years then ended were included in the Organization's accompanying consolidated financial statements, are designated for exclusive use of ACME and are summarized as follows:

	<u>2019</u>	<u>2018</u>
Total Net Assets	<u>\$ (459,681)</u>	<u>\$ (343,196)</u>
Total Revenue	<u>\$ 217,968</u>	<u>\$ 214,861</u>
Total Expenses	<u>\$ 334,453</u>	<u>\$ 381,500</u>

Continued

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2019 and 2018**

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12. A.C.N.M. Foundation

On September 10, 2016, the Organization entered into an amended memorandum of understanding (the MOU) with the A.C.N.M. Foundation whereby the Organization provides supporting services to the A.C.N.M. Foundation and, in return, the A.C.N.M. Foundation will act as a fiscal agent to the Organization. Under the MOU, the A.C.N.M. Foundation will collect grants and contributions on behalf of the Organization and the A.C.N.M. Foundation will receive 5% of all grants and contributions collected for the Organization to cover administrative and overhead costs. During the years ended December 31, 2019 and 2018, the A.C.N.M. Foundation collected grants and contributions totaling \$38,000 and \$49,526, respectively, on behalf of the Organization. The Organization also collects contribution from its members on behalf of the A.C.N.M. Foundation. During the year ended December 31, 2019 and 2018, total contributions collected on behalf of the A.C.N.M. Foundation were minimal.

13. Contributed Goods and Services

The Organization receives noncash contributions in the form of donated goods and services, which are reported as contributed goods and services in the accompanying consolidated statements of activities at their estimated fair value, as provided by the donor, at the date of receipt. For the years ended December 31, 2019 and 2018, contributed goods and services are summarized as follows:

	<u>2019</u>	<u>2018</u>
Lodging and merchandise	\$ 10,118	\$ 16,870
Professional services	<u>93,952</u>	<u>48,140</u>
Total Contributed Goods and Services	<u>\$ 104,070</u>	<u>\$ 65,010</u>

14. Pension Plan

The Organization sponsors a 401(k) profit-sharing plan (the Plan). Participation in the Plan is open to all employees who are at least 18 years of age and have completed their probationary period. Employees are eligible to receive employer contributions after at least one full year of service and after completing 1,000 hours. The Organization is required to make a discretionary contribution to the plan equal to 3% of annual employee compensation. In addition, the Organization matches each employee's contribution up to 50% of the first 6% of employee salary deferrals. For the years ended December 31, 2019 and 2018, the Organization's Board of Directors elected to make contributions in the amount of \$49,367 and \$47,953, respectively.

15. Income Taxes

Under Section 501(c)(6) of the Internal Revenue Code (the IRC), ACNM is exempt from federal income taxes on income other than net unrelated business income. For the years ended December 31, 2019 and 2018, no provision for income taxes was required, as ACNM had no material net unrelated business income.

## AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

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#### 15. Income Taxes (continued)

The PAC is subject to federal income taxes under IRC Section 527 with respect to certain investment income. For the years ended December 31, 2019 and 2018, no provision for federal or state income taxes was made, as there was no significant taxable income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in income taxes for the years ended December 31, 2019 and 2018, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have an effect on its tax-exempt status; and there are currently no audits for any tax periods in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2019 and 2018, the Organization had no accruals for interest and/or penalties.

#### 16. Reclassifications

Certain 2018 balances were reclassified to conform to the 2019 consolidated financial statement presentation.

#### 17. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, events and transactions through September 29, 2020, the date the consolidated financial statements were available to be issued. Except for subsequent events as disclosed below, there were no subsequent events identified through September 29, 2020, that require recognition or disclosure in these financial statements.

In March 2019, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States and international communities. The Organization is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Organization's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Organization, at the time of issuance, the impact could not be determined.

On May 3, 2020, the Organization's Small Business Administration loan application for the amount of \$325,686 has been approved by a financial institution. The loan will mature in May 2022 with a fixed interest rate at 1% per annum. The payments of principal and interest are

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2019 and 2018**

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17. Subsequent Events (continued)

deferred during the first six months of the loan. The loan amount may be eligible for forgiveness pursuant to the Paycheck Protection Program, which requires a majority of the loan funds are used to cover payroll costs and the remainder is used for mortgage interest, rent and utility costs over a period after the loan is made, and the number of employees and compensation level are maintained.

On January 8, 2020, Wiley extend its agreement to guarantee a royalty payment of \$150,000 for the year ending December 31, 2020. On July 19, 2020, the Organization, entered into another agreement with Wiley. The term of this agreement was January 1, 2021, through December 31, 2025. Under the contract, Wiley must pay to the Organization 35% of any profit for each year of the agreement. The agreement sets a guaranteed minimum royalty payment which increases annually by approximately 2%.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the  
American College of Nurse-Midwives and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the American College of Nurse-Midwives and Affiliate (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 29, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Washington, DC  
September 29, 2020



**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of the  
American College of Nurse-Midwives and Affiliate

**Report on Compliance for Each Major Federal Program**

We have audited the American College of Nurse-Midwives and Affiliate's (collectively referred to as the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2019. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Organization's major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Marcum LLP*

Washington, DC  
September 29, 2020

**AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Pass-Through Grants:</i>				
<b>University of Alaska Anchorage</b> Women's Health Nurses and Midwives Collaboration for Alcohol-Free Pregnancy	93.073	P0534350	\$ -	\$ 21,329
<b>American College of Obstetricians and Gynecologists</b> Maternal Vulnerable Population Project	93.424	5NU38OT00287-0-00	-	45,218
<b>American College of Obstetricians and Gynecologists</b> Alliance for Innovation on Maternal Health and Child Health	93.110	-	-	3,954
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			-	70,501
<b>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</b>				
<i>Pass-Through Grants:</i>				
<b>Management Sciences for Health</b> Foreign Assistance for Programs Overseas	98.001	72068718CA00003	-	595,045
<b>Project Concern International</b> Foreign Assistance for Programs Overseas	98.001	AID-OAA-A-14-00049	-	98,499
<b>Abt Associates, Inc.</b> Foreign Assistance for Programs Overseas	98.001	AID-OAA-A15-00067	-	302,286
Foreign Assistance for Programs Overseas	98.001	AID-278-A-16-00002	-	25,064
<i>Total CFDA 98.001</i>			-	1,020,894
<b>TOTAL U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</b>			-	1,020,894
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 1,091,395

See accompanying notes to this schedule.

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2019

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1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2019. The information on the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Basis of Accounting

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

4. Reconciliation of the Schedule of Expenditures of Federal Awards to the Statement of Activities

Expenditures per schedule of expenditures of federal awards	\$ 1,091,395
Plus: Non-federal grants	<u>304,598</u>
Global Outreach Grants and Contracts, Contributions and Sponsorships per the Statement of Activities	<u>\$ 1,395,993</u>

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

X  Unmodified      Qualified  
     Adverse      Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?      Yes  X  No
- Significant deficiency(ies) identified?      Yes  X  None Reported

Noncompliance material to financial statements noted?      Yes  X  No

**Federal Awards**

Type of auditors' report issued on compliance for major programs:

X  Unmodified      Qualified  
     Adverse      Disclaimer

Internal control over major programs:

- Material weakness(es) identified?      Yes  X  No
- Significant deficiency(ies) identified?      Yes  X  None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?      Yes  X  No

Identification of Major Program:

<u>CFDA Number</u>	<u>Program Title</u>
98.001	USAID Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish between Type A and Type B programs:  \$ 750,000

Auditee qualified as a low-risk auditee?      Yes  X  No

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For the Year Ended December 31, 2019**

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(continued)

**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT**

None required to be reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None required to be reported.

**SECTION IV – STATUS OF PRIOR YEAR FINDINGS**

**Financial Statement Audit Findings**

None required to be reported.

**Major Federal Award Programs Audit Findings and Questioned Costs**

None required to be reported.