



AMERICAN COLLEGE
of NURSE-MIDWIVES

With women, for a lifetime®

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

Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019



**and
Report Thereon**



AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

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For the Years Ended December 31, 2020 and 2019

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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, 2020 and 2019, 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 consolidated 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. 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.

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, 2020 and 2019, 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.

Marcum LLP

Washington, DC
September 16, 2021

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 651,710	\$ 576,311
Grants and contributions receivable	78,813	375,459
Accounts receivable, net	60,358	41,657
Prepaid expenses	116,070	93,767
Investments	1,771,509	1,638,000
Inventory	455	9,635
Property and equipment, net	675,861	150,231
Intangible assets, net	19,175	30,538
Other assets	31,232	19,226
	<u>\$ 3,405,183</u>	<u>\$ 2,934,824</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 395,630	\$ 417,572
Accrued salaries and benefits	102,024	162,725
Deferred membership dues	1,041,537	1,139,780
Other deferred revenue	162,869	216,957
Line of credit	633,919	276,147
Deferred rent and lease incentives	344,358	232,284
	<u>2,680,337</u>	<u>2,445,465</u>
Net Assets		
Without donor restrictions	719,276	483,789
With donor restrictions	5,570	5,570
	<u>724,846</u>	<u>489,359</u>
	<u>\$ 3,405,183</u>	<u>\$ 2,934,824</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, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Membership dues	\$ 1,676,936	\$ -	\$ 1,676,936	\$ 1,639,949	\$ -	\$ 1,639,949
Meetings and exhibits	671,601	-	671,601	1,081,755	-	1,081,755
Contributions and sponsorships	144,023	-	144,023	191,188	-	191,188
Global Outreach grants and contributions	597,010	-	597,010	1,395,993	-	1,395,993
Government grant – PPP	325,686	-	325,686	-	-	-
Advertising and royalties	372,121	-	372,121	334,759	-	334,759
Accreditation, divisions and committees fees	333,599	-	333,599	285,099	-	285,099
Other	103,197	-	103,197	74,054	-	74,054
Publications and merchandise sales	71,349	-	71,349	95,194	-	95,194
Subscriptions	53,760	-	53,760	51,050	-	51,050
Contributed goods and services	14,674	-	14,674	104,070	-	104,070
Net assets released from restrictions:						
Satisfaction of program restrictions	-	-	-	195,286	(195,286)	-
TOTAL REVENUE AND SUPPORT	4,363,956	-	4,363,956	5,448,397	(195,286)	5,253,111
EXPENSES						
Program Services:						
Domestic	628,392	-	628,392	921,287	-	921,287
Meetings and exhibits	504,977	-	504,977	1,215,167	-	1,215,167
Member services	380,779	-	380,779	484,122	-	484,122
Global Outreach	257,391	-	257,391	812,978	-	812,978
Accreditation	252,835	-	252,835	334,454	-	334,454
Midwifery journal	173,044	-	173,044	200,719	-	200,719
Committees and divisions	66,606	-	66,606	60,073	-	60,073
Total Program Services	2,264,024	-	2,264,024	4,028,800	-	4,028,800
Support Services:						
Management and general	2,008,381	-	2,008,381	2,111,373	-	2,111,373
Total Support Services	2,008,381	-	2,008,381	2,111,373	-	2,111,373
TOTAL EXPENSES	4,272,405	-	4,272,405	6,140,173	-	6,140,173
Change in net assets from operations	91,551	-	91,551	(691,776)	(195,286)	(887,062)
Investment income, net	143,936	-	143,936	260,038	-	260,038
CHANGE IN NET ASSETS	235,487	-	235,487	(431,738)	(195,286)	(627,024)
NET ASSETS, BEGINNING OF YEAR	483,789	5,570	489,359	915,527	200,856	1,116,383
NET ASSETS, END OF YEAR	\$ 719,276	\$ 5,570	\$ 724,846	\$ 483,789	\$ 5,570	\$ 489,359

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, 2020

	Program Services							Support Services		Total	
	Domestic	Meetings and Exhibits	Member Services	Global Outreach	Accreditation	Midwifery Journal	Committees and Divisions	Total Program Services	Management and General		Total Support Services
Salaries and employee benefits	\$ 344,198	\$ 99,359	\$ 213,117	\$ 119,129	\$ 176,776	\$ -	\$ -	\$ 952,579	\$ 1,205,349	\$ 1,205,349	\$ 2,157,928
Consulting and contract services	151,275	159,647	52,600	101,951	24,337	168,443	-	658,253	266,403	266,403	924,656
Miscellaneous other expense	47,800	26,810	53,952	18,070	20,062	2,777	62,731	232,202	291,588	291,588	523,790
Meetings	42,707	195,580	98	929	992	1,559	267	242,132	21,852	21,852	263,984
Bank charges	16,385	6,675	9,762	5,347	8,229	-	1,950	48,348	63,578	63,578	111,926
Rent and utilities	13,695	3,958	8,469	4,639	7,026	-	-	37,787	60,147	60,147	97,934
Dues and subscriptions	6,081	1,391	39,066	1,542	11,023	215	-	59,318	17,899	17,899	77,217
Loss from disposal of property and equipment	-	-	-	-	-	-	-	-	61,253	61,253	61,253
Travel	6,251	11,557	1,598	5,784	4,334	-	-	29,524	9,240	9,240	38,764
Office supplies	-	-	2,117	-	56	50	1,658	3,881	11,072	11,072	14,953
TOTAL EXPENSES	\$ 628,392	\$ 504,977	\$ 380,779	\$ 257,391	\$ 252,835	\$ 173,044	\$ 66,606	\$ 2,264,024	\$ 2,008,381	\$ 2,008,381	\$ 4,272,405

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

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 235,487	\$ (627,024)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	63,649	79,381
Net realized and unrealized gains	(113,284)	(208,728)
Loss from disposal of property and equipment	61,253	-
Changes in assets and liabilities:		
Accounts receivable	(18,701)	(17,819)
Grants and contributions receivable	296,646	118,399
Prepaid expenses	(22,303)	(5,893)
Inventory	9,180	10,737
Other assets	(12,006)	-
Accounts payable	(21,942)	(3,238)
Accrued salaries and benefits	(60,701)	49,977
Deferred membership dues	(98,243)	164,856
Other deferred revenue	(54,088)	125,456
Deferred rent and lease incentives	112,074	(35,989)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>377,021</u>	<u>(349,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	171,239	401,248
Purchases of investments	(192,887)	(114,613)
Purchases of property and equipment	(639,172)	(16,625)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(660,820)</u>	<u>270,010</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns from the line of credit	357,772	276,147
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>357,772</u>	<u>276,147</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,973	196,272
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>663,680</u>	<u>467,408</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 737,653</u>	<u>\$ 663,680</u>
CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 651,710	\$ 576,311
Cash – held in investments	85,943	87,369
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 737,653</u>	<u>\$ 663,680</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash investing and financing transactions:		
Leasehold improvements provided by landlord under construction allowance	\$ 348,010	\$ -
Taxes paid	\$ 5,213	\$ 5,011

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, 2020 and 2019

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-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 stated at lower of cost or 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, 2020 and 2019

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, 2020 and 2019, 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.

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019

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.

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

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.

Measure of Operations

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

New Accounting Pronouncement

In November 2016, FASB issued Accounting Standard Update 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization adopted the standard retrospectively and has adjusted the presentation of this statement accordingly.

2. Grants and Contributions Receivable

Grants and contributions receivable of \$78,813 and \$375,459 as of December 31, 2020 and 2019, 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Mutual funds:		
Equity:		
U.S.	\$ 705,316	\$ 693,179
International	309,165	237,537
Fixed income	504,274	487,264
Market neutral	75,331	73,430
World allocation	91,480	59,221
Cash	<u>85,943</u>	<u>87,369</u>
Total Investments	<u>\$ 1,771,509</u>	<u>\$ 1,638,000</u>

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

4. Fair Value Measurement

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of December 31, 2020 and 2019, aggregated by the fair value hierarchy level within which those measurements were made:

<u>As of December 31, 2020:</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.	\$ 705,316	\$ 705,316	\$ -	\$ -
International	309,165	309,165	-	-
Fixed income	504,274	504,274	-	-
Market neutral	75,331	75,331	-	-
World allocation	<u>91,480</u>	<u>91,480</u>	<u>-</u>	<u>-</u>
Total Investments Measured at Fair Value	1,685,566	<u>\$ 1,685,566</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	<u>85,943</u>			
Total Investments	<u>\$ 1,771,509</u>			
<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>			

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 373,867	\$ 373,867
Leasehold improvements	568,838	209,198
Computer hardware and software	79,691	79,691
Furniture	<u>70,333</u>	<u>131,507</u>
Total Property and Equipment	1,092,729	794,263
Less: Accumulated Depreciation and Amortization	<u>(416,868)</u>	<u>(644,032)</u>
Property and Equipment, Net	<u>\$ 675,861</u>	<u>\$ 150,231</u>

Depreciation and amortization expense was \$52,287 and \$79,381, respectively, for the years ended December 31, 2020 and 2019. The Organization wrote-off the costs and accumulated depreciation of the leasehold improvements and furniture pertaining to the old lease totaling \$340,705 and \$279,452, respectively.

6. Paycheck Protection Program Loan

On May 3, 2020, the Organization received \$325,686 from the Small Business Administration's Paycheck Protection Program (PPP). The Organization elected to account for these funds as a conditional contribution under FASB ASC 958-605, *Not-for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. As such, the Organization was able to recognize revenue to the extent that conditions were met. As a result, the Organization recognized \$325,686 as government grant - PPP in the accompanying consolidated statement of activities. During the year ended December 31, 2020, the Organization met the conditions associated with the PPP loan and on June 7, 2021, the associated note was forgiven by the lender and the Small Business Administration.

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7. Net Assets With Donor Restrictions

As of December 31, 2020 and 2019, net assets with donor restrictions of \$5,570 were restricted for the Committee for the Advancement of Midwifery Practice.

8. 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. 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.

On February 7, 2020, the Organization entered into an amendment to the non-cancelable operating lease for its headquarters in Silver Spring, Maryland, to terminate the original lease and to relocate into a smaller office location in the same building as the original lease. The term of the amended lease is for the period October 1, 2020 through September 30, 2030. The lease amendment calls for an initial incremental monthly rental payment of \$16,615 and annual rent escalations of 3%. The Organization wrote-off the unamortized deferred rent and lease incentives totaling \$200,816 related to the old lease as a charge to rent and utilities expense. Additionally, under the terms of the lease, the Organization received an allowance of \$348,010 for building improvements as an incentive to enter into the lease agreement.

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</u> <u>December 31,</u>	
2021	\$ 200,748
2022	206,263
2023	211,964
2024	217,787
2025	223,770
Thereafter	<u>1,149,223</u>
Total	<u>\$ 2,209,755</u>

Rent expense for this lease totaled \$270,883 and \$347,054, respectively, for the years ended December 31, 2020 and 2019.

AMERICAN COLLEGE OF NURSE-MIDWIVES AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

8. Commitments and Risks (continued)

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 receive publishing services for 2018 and 2019. Under the contract, Wiley guaranteed the Organization a royalty payment equivalent to \$216,000 for 2019. On January 8, 2020, Wiley extended its agreement to guarantee a royalty payment of \$150,000 for the year ended December 31, 2020. The Organization has recognized a royalty related to this contract of \$181,127 and \$216,942 for the years ended December 31, 2020 and 2019, respectively, which is included in advertising and royalties in the accompanying consolidated statements of activities. 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%.

Concentration of Credit Risk

The Organization maintains its cash with a commercial financial institution, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2020, the amount in excess of the maximum limit insured by the FDIC was approximately \$86,000. The Organization monitors the creditworthiness of this institution and has not experienced any credit losses on its cash.

COVID-19 Pandemic

In March 2020, 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.

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9. 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, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 651,710	\$ 576,311
Pledges receivable	78,813	375,459
Accounts receivable	60,358	41,657
Investments	<u>1,771,509</u>	<u>1,638,000</u>
Total Financial Assets Available Within One Year	2,562,390	2,631,427
Less:		
Amounts unavailable for general expenditures within one year due to donors with purpose restrictions	<u>(5,570)</u>	<u>(5,570)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,556,820</u>	<u>\$ 2,625,857</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 \$206,924 and \$497,749 was unused and available to draw upon as of December 31, 2020 and 2019, respectively.

10. 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 \$206,924 and \$497,749, respectively, being available for the Organization to borrow as of December 31, 2020 and 2019. 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 2.25% and 3.75% as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, the outstanding balance on the line of credit was \$633,919 and \$276,147, respectively.

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For the Years Ended December 31, 2020 and 2019

11. 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, 2020 and 2019, and revenues and expenses for the years then ended are summarized as follows:

	<u>2020</u>	<u>2019</u>
Total assets	\$ 339,849	\$ 323,768
Total liabilities	<u>8,731</u>	<u>4,000</u>
Net Assets	<u>\$ 331,118</u>	<u>\$ 319,768</u>
Total Contribution Revenue	<u>\$ 77,956</u>	<u>\$ 87,002</u>
Total Expenses	<u>\$ 66,606</u>	<u>\$ 56,527</u>

12. 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, 2020 and 2019, 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>2020</u>	<u>2019</u>
Total Net Assets	<u>\$ (490,368)</u>	<u>\$ (459,681)</u>
Total Revenue	<u>\$ 238,684</u>	<u>\$ 217,968</u>
Total Expenses	<u>\$ 269,371</u>	<u>\$ 334,453</u>

13. 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, 2020 and 2019, the A.C.N.M. Foundation collected grants and contributions totaling \$100,000 and \$38,000, respectively, on

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13. A.C.N.M. Foundation (continued)

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, 2020 and 2019, total contributions collected on behalf of the A.C.N.M. Foundation were minimal.

14. 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, 2020 and 2019, contributed goods and services are summarized as follows:

	<u>2020</u>	<u>2019</u>
Lodging and merchandise	\$ 14,674	\$ 10,118
Professional services	<u>-</u>	<u>93,952</u>
Total Contributed Goods and Services	<u>\$ 14,674</u>	<u>\$ 104,070</u>

15. 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, 2020 and 2019, the Organization's Board of Directors elected to make contributions in the amount of \$43,534 and \$49,367, respectively.

16. 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, 2020 and 2019, no provision for income taxes was required, as ACNM had no material net unrelated business income.

The PAC is subject to federal income taxes under the IRC Section 527 with respect to certain investment income. For the years ended December 31, 2020 and 2019, no provision for federal or state income taxes was made, as there was no significant taxable income.

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16. Income Taxes (continued)

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, 2020 and 2019, 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 pending or 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, 2020 and 2019, the Organization had no accruals for interest and/or penalties.

17. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, events and transactions through September 16, 2021, the date the consolidated financial statements were available to be issued. Except for subsequent events as disclosed below and at Note 6, Paycheck Protection Program Loan, there were no subsequent events identified through September 16, 2021, that require recognition or disclosure in these consolidated financial statements.

On February 24, 2021, the Organization's second Small Business Administration loan application for the amount of \$359,040 was approved by a financial institution. The loan will mature in February 2026 with a fixed interest rate at 1% per annum. Consecutive monthly payments of principal of approximately \$5,984 plus interest at 1% will commence one month after the earlier of the following dates: (1) the date the financial institution receives the applicable forgiveness amount from the SBA; or (2) the date that is 10 months after the end of the forgiveness covered period, through the maturity date. The loan amount may be eligible for forgiveness pursuant to the Paycheck Protection Program, which requires a majority of the loan funds are to be 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.