

A.C.N.M. FOUNDATION, INC.

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITOR'S REPORT)

YEARS ENDED DECEMBER 31, 2019 AND 2018



Independent Auditor's Report

Board of Trustees
A.C.N.M. Foundation, Inc.

We have audited the accompanying financial statements of A.C.N.M. Foundation, Inc. which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A.C.N.M. Foundation, Inc. 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.

Correction of Errors

As described in Note 6 to the financial statements, A.C.N.M. Foundation, Inc.'s net assets as of January 1, 2019 have been increased by \$161,389 to correct errors made in prior periods. Our opinion is not modified with respect to that matter.

I. Isdamer & Company, LLC

May 11, 2020

A.C.N.M. FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018 (Restated)
Cash	\$ 93,880	\$ 124,629
Investments	1,154,999	940,958
Contributions receivable	96,781	161,389
Donated artwork	8,500	8,500
	\$ 1,354,160	\$ 1,235,476

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 18,500	\$ 21,750
Net assets:		
Without donor restrictions	(40,418)	(75,479)
With donor restrictions	1,376,078	1,289,205
	1,335,660	1,213,726
	\$ 1,354,160	\$ 1,235,476

The accompanying notes are an integral part of these statements.

A.C.N.M. FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
DECEMBER 31, 2019 AND 2018

	2019			2018 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Grants and contributions	\$ 110,537	\$ 170,304	\$ 280,841	\$ 153,393	\$ 301,145	\$ 454,538
Investment income	-	36,493	36,493	-	66,487	66,487
Net assets released from restrictions	264,512	(264,512)	-	186,509	(186,509)	-
	<u>375,049</u>	<u>(57,715)</u>	<u>317,334</u>	<u>339,902</u>	<u>181,123</u>	<u>521,025</u>
Expenses:						
Program	203,855	-	203,855	238,610	-	238,610
Management and general	99,105	-	99,105	92,511	-	92,511
Fundraising	37,028	-	37,028	42,905	-	42,905
	<u>339,988</u>	<u>-</u>	<u>339,988</u>	<u>374,026</u>	<u>-</u>	<u>374,026</u>
Increase (decrease) in net assets before net realized and unrealized gains (losses) on investments	35,061	(57,715)	(22,654)	(34,124)	181,123	146,999
Net realized and unrealized gains (losses) on investments	-	144,588	144,588	-	(117,026)	(117,026)
Increase (decrease) in net assets	<u>35,061</u>	<u>86,873</u>	<u>121,934</u>	<u>(34,124)</u>	<u>64,097</u>	<u>29,973</u>
Net assets beginning of year:						
As previously reported	(75,479)	1,127,816	1,052,337	(41,355)	1,145,413	1,104,058
Prior period adjustments	-	161,389	161,389	-	79,695	79,695
As restated	<u>(75,479)</u>	<u>1,289,205</u>	<u>1,213,726</u>	<u>(41,355)</u>	<u>1,225,108</u>	<u>1,183,753</u>
Net assets at end of year	<u>\$ (40,418)</u>	<u>\$ 1,376,078</u>	<u>\$ 1,335,660</u>	<u>\$ (75,479)</u>	<u>\$ 1,289,205</u>	<u>\$ 1,213,726</u>

The accompanying notes are an integral part of these statements.

A.C.N.M. FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
DECEMBER 31, 2019 AND 2018

	2019				2018 (Restated)			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Awards and grants	\$ 110,000	\$ -	\$ -	\$ 110,000	\$ 135,026	\$ -	\$ -	\$ 135,026
Accounting fees	-	29,550	-	29,550	-	23,131	-	23,131
Investment and banking fees	-	11,252	-	11,252	-	12,073	-	12,073
Conferences and conventions	2,117	500	-	2,617	2,485	-	10,637	13,122
Insurance	-	1,989	-	1,989	-	1,989	-	1,989
Licenses and permits	-	-	4,632	4,632	-	-	4,166	4,166
Other	-	1,092	-	1,092	-	187	150	337
Postage and printing	-	1,776	128	1,904	-	601	858	1,459
Professional fees	88,656	22,304	31,943	142,903	97,662	22,923	27,094	147,679
Rent	-	6,000	-	6,000	-	6,000	-	6,000
Supplies	-	5,738	275	6,013	-	9,272	-	9,272
Travel and meetings	3,082	18,904	50	22,036	3,437	16,335	-	19,772
	<u>\$ 203,855</u>	<u>\$ 99,105</u>	<u>\$ 37,028</u>	<u>\$ 339,988</u>	<u>\$ 238,610</u>	<u>\$ 92,511</u>	<u>\$ 42,905</u>	<u>\$ 374,026</u>

The accompanying notes are an integral part of these statements.

A.C.N.M. FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2019 AND 2018

	2019	2018 (Restated)
Cash flows from operating activities:		
Increase in net assets	\$ 121,934	\$ 29,973
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(144,588)	117,026
Change in operating assets and liabilities:		
Contributions receivable	64,608	(81,694)
Accounts payable	(3,250)	756
Net cash provided by operating activities	38,704	66,061
Cash flows from investing activities:		
Purchase of investments	(449,252)	(188,678)
Proceeds from sale of investments	379,799	132,468
Net cash used in investing activities	(69,453)	(56,210)
Net increase (decrease) in cash	(30,749)	9,851
Cash, beginning of year	124,629	114,778
Cash, end of year	\$ 93,880	\$ 124,629

The accompanying notes are an integral part of these statements.

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF ACCOUNTING POLICIES

Nature of Operations

A.C.N.M. Foundation, Inc. (the “Foundation”) is a New York nonprofit corporation created by members of the American College of Nurse-Midwives (“ACNM”) in 1967. The Foundation’s mission is to promote excellence in health care for women, infants and families worldwide through the support of midwifery.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. These net assets are available to support the Foundation’s activities and operations at the discretion of the Board of Directors. Donor-restricted contributions whose restrictions are met in the same reporting period are classified as unrestricted revenues.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are met by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions require the corpus be maintained permanently by the Foundation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expirations of such restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Adoption of New Accounting Pronouncement

Effective January 1, 2019, the Foundation adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, “Revenue from Contracts with Customers” (“ASC 606”) and all related amendments. Topic 606 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard requires an entity to recognize revenue to reflect the transfer of promised goods or services to customers in an amount equal to the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. Topic 606 also requires additional financial statement footnote disclosures. The Foundation adopted this standard using the modified retrospective method approach, however, there was no cumulative-effect adjustment required to be recognized at the date of adoption. The adoption of ASC 606 did not have a material impact on the way the Foundation recognizes revenue.

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF ACCOUNTING POLICIES - Continued

Contributions

Contributions and grants are recognized when the donor makes an unconditional promise to give to the Foundation. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The Foundation reports unconditional promises to give as contributions receivable, and regularly evaluates collectability based on historical experience, current economic conditions and management's analysis of outstanding balances. At December 31, 2019 and 2018, management considers all amounts to be fully collectible and, accordingly, no allowance for doubtful accounts has been established.

Contributed securities and other non-cash donations are recorded as donations at their fair values at the date of donation. In-kind contributions are recognized in the financial statements if the services or goods received enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended December 31, 2019 or 2018, there were no such contributions.

Investments and Fair Value Measurements

Investments consist of equity-oriented mutual funds and income-oriented mutual funds that are carried at fair value (see Note 2). Net appreciation (depreciation) in the fair value of investments, which consists of realized and unrealized gains or losses on those investments, is shown in the statements of activities.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

The Foundation applies the authoritative guidance of the ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance describes three levels of inputs in priority that may be used for measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, credit risks, and default rates) or other inputs that are principally derived from or corroborated by observable market data by correlation or by other means; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF ACCOUNTING POLICIES - Continued

Investments and Fair Value Measurements - Continued

The following is a description of the valuation methodology used for investments, measured at fair value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-ended 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 Foundation are deemed to be actively traded.

Allocation of Expenses

The costs of providing the Foundation's programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. The allocation to program, management and general, and fundraising is based on the estimated activities of personnel and the usage of materials and services.

Income Taxes

The Foundation is exempt from tax under Section 501(c)(3) of the Internal Revenue Code. Pursuant to FASB ASC Topic 740, the Foundation recognizes tax benefits only if it is more likely than not that a tax position (including the Foundation's assertion that its income is exempt from tax) will be sustained upon examination. No liability for unrecognized tax benefits was recorded as of December 31, 2019 or 2018.

Subsequent Events

Management has performed an evaluation of subsequent events through May 11, 2020, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(2) INVESTMENTS

Fair values of investments measured on a recurring basis as of December 31, 2019 and 2018 were as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
<u>December 31, 2019</u>				
Equity-oriented mutual funds	\$ 641,509	\$ 641,509	\$ -	\$ -
Income-oriented mutual funds	<u>513,490</u>	<u>513,490</u>	<u>-</u>	<u>-</u>
	<u><u>\$1,154,999</u></u>	<u><u>\$1,154,999</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>December 31, 2018</u>				
Equity-oriented mutual funds	\$584,253	\$584,253	\$ -	\$ -
Income-oriented mutual funds	<u>356,705</u>	<u>356,705</u>	<u>-</u>	<u>-</u>
	<u><u>\$940,958</u></u>	<u><u>\$940,958</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(3) CONTRIBUTIONS RECEIVABLE

Contributions receivable represents amounts expected to be collected as follows:

	<u>2019</u>	<u>2018</u>
Within one year	\$36,464	\$ 71,956
Within one to five years	<u>60,317</u>	<u>89,433</u>
	<u><u>\$96,781</u></u>	<u><u>\$161,389</u></u>

The difference between these amounts and their discounted present value is not material.

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 and 2018 are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Restricted for time and program activities:		
Public policy and research	\$ 63,803	\$ 63,306
Conference participation	67,456	54,038
Scholarships and awards	326,618	193,764
Special projects	205,420	200,708
Operations of subsequent periods	<u>96,781</u>	<u>161,389</u>
	760,078	673,205
Endowment funds held in perpetuity:		
Conference participation	60,000	60,000
Scholarships and awards	380,000	380,000
Special projects	<u>176,000</u>	<u>176,000</u>
	<u>\$1,376,078</u>	<u>\$1,289,205</u>

As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The New York Prudent Management of Institutional Funds Act (“NYPMIFA”) was enacted September 17, 2010. It was designed to provide a standard of conduct for managing and delegating authority with respect to institutional funds, rules of construction for appropriating from an endowment fund and rules for release or modification of restrictions on institutional funds. The Board of Trustees of the Foundation has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Reclassification to net assets without donor restrictions occurs when funds in excess of the amounts required to be held in perpetuity are spent in accordance with the donor’s purpose restriction.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(5) LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of public policy and research, conference participation, and special projects as well as the conduct of services undertaken to support those activities to be general expenditures. Net assets restricted for scholarships and awards are not included in the analysis as these assets are used solely to fund scholarships and therefore, not available to meet current operating needs.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following reflects financial assets which could readily be made available within one year of the balance sheet date to meet general expenditures.

Cash	\$ 93,880
Investments	1,154,999
Contributions receivable	<u>96,781</u>
	<u>1,345,660</u>
Less:	
Contributions receivable - noncurrent	60,317
Investments designated for endowment	616,000
Net assets restricted for scholarships and awards	<u>326,618</u>
	<u>1,002,935</u>
	<u>\$ 342,725</u>

As part of the Board's liquidity management plan, the Foundation has a goal to maintain financial assets on hand to meet normal operating expenses.

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(6) PRIOR PERIOD ADJUSTMENT

During 2019, it was determined that the financial statements for the year ended December 31, 2018 required restatement. Unrecorded pledges receivable were previously recognized in the period in which the cash was received.

The following table presents the impact of the financial statement adjustments on the Foundation's previously reported statement of activities for the year ended December 31, 2018:

	As Previously Reported	Adjustments	As Restated
Net assets – January 1, 2018	\$1,104,058	\$ 79,695	\$1,183,753
Support and revenue	439,331	81,694	521,025
Expenses	(374,026)	-	(374,026)
Net realized and unrealized losses on investments	(117,026)	-	(117,026)
Change in net assets	(51,721)	81,694	29,973
Net assets – December 31, 2018	<u>\$1,052,337</u>	<u>\$161,389</u>	<u>\$1,213,726</u>

The following table presents the impact of the financial statement adjustments on the Foundation's previously reported statement of financial position as of December 31, 2018:

	As Previously Reported	Adjustments	As Restated
Assets:			
Cash	\$ 124,629	\$ -	\$ 124,629
Investments	940,958	-	940,958
Contributions receivable	-	161,389	161,389
Donated artwork	8,500	-	8,500
	<u>\$1,074,087</u>	<u>\$161,389</u>	<u>\$1,235,476</u>
Liabilities:			
Accounts payable	\$ 21,750	\$ -	\$ 21,750
Net assets:			
Without donor restrictions	(75,479)	-	(75,479)
With donor restrictions	1,127,816	161,389	1,289,205
	<u>1,052,337</u>	<u>161,389</u>	<u>1,213,726</u>
Net assets and liabilities – December 31, 2018	<u>\$1,074,087</u>	<u>\$161,389</u>	<u>\$1,235,476</u>

A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(7) SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged in China and continues to spread globally, including in the United States. COVID-19 is currently impacting countries, communities, supply chains and markets around the world.

As of the date of this report, management cannot predict whether the COVID-19 outbreak will have a material impact on the Foundation’s financial condition and results of operations in the foreseeable future.