

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

FINANCIAL STATEMENTS
DECEMBER 31, 2022
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT



Rochester, New York

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The A.C.N.M. Foundation, Inc.:

Opinion

We have audited the accompanying financial statements of The A.C.N.M. Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The A.C.N.M. Foundation, Inc. (the "Foundation") as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of about the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DeJoy & Co. CPAs, LLP

September 25, 2023.

DeJoy & Co.
CPAs, LLP

THE A.C.N.M. FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(with comparative totals as of December 31, 2021)

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash	\$ 183,982	\$ 157,465
Contributions receivable, net of allowance for doubtful accounts of \$5,000 and 0, at December 31, 2022 and 2021, respectively	66,482	27,953
Total current assets	250,464	185,418
INVESTMENTS	1,107,482	1,366,729
OTHER ASSETS:		
Long-term portion of contributions receivable	39,774	28,914
Donated art work	8,500	8,500
	48,274	37,414
TOTAL ASSETS	\$ 1,406,220	\$ 1,589,561
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 28,541	\$ 17,900
Accrued expenses	175	316
Total current liabilities	28,716	18,216
NET ASSETS:		
Without donor restrictions	(803)	120,584
With donor restrictions	1,378,307	1,450,761
Total net assets	1,377,504	1,571,345
TOTAL LIABILITIES AND NET ASSETS	\$ 1,406,220	\$ 1,589,561

The accompanying notes to financial statements
are an integral part of this statement.

THE A.C.N.M. FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative totals for the year ended December 31, 2021)

	2022			2021
	Without donor restrictions	With donor restrictions	Total	
SUPPORT, REVENUE AND GAINS (LOSS):				
Contributions	\$ 358,932	\$ 210,796	\$ 569,728	\$ 266,858
Grants	-	100,250	100,250	241,020
Investment return (loss), net	-	(185,519)	(185,519)	120,837
Net assets released from restriction	197,981	(197,981)	-	-
Total support, revenue and gains (loss)	<u>556,913</u>	<u>(72,454)</u>	<u>484,459</u>	<u>628,715</u>
EXPENSES:				
Program services	465,673		465,673	479,520
Management and general	135,099		135,099	82,224
Fundraising	77,528		77,528	47,023
Total expenses	<u>678,300</u>		<u>678,300</u>	<u>608,767</u>
CHANGE IN NET ASSETS	(121,387)	(72,454)	(193,841)	19,948
NET ASSETS, beginning of year	<u>120,584</u>	<u>1,450,761</u>	<u>1,571,345</u>	<u>1,551,397</u>
NET ASSETS, end of year	<u>\$ (803)</u>	<u>\$ 1,378,307</u>	<u>\$ 1,377,504</u>	<u>\$ 1,571,345</u>

The accompanying notes to financial statements
are an integral part of this statement.

THE A.C.N.M. FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative totals for the year ended December 31, 2021)

	2022				2021
	Program services	Management and general	Fundraising	Total	
Awards and grants	\$ 273,130	\$ -	\$ -	\$ 273,130	\$ 283,012
Professional fees	186,510	54,000	64,380	304,890	236,038
Accounting fees	-	23,600	-	23,600	26,375
Licenses and permits	-	-	9,980	9,980	19,028
Bad debt expense	-	5,000	-	5,000	8,000
Rent	-	21,540	-	21,540	6,590
Conferences and conventions	-	2,404	2,082	4,486	6,178
Supplies and subscriptions	328	6,876	-	7,204	6,102
Advertising	-	-	1,050	1,050	5,500
Postage and printing	256	3,337	-	3,593	3,531
Banking fees	-	2,707	-	2,707	2,782
Travel and meetings	5,449	10,780	-	16,229	2,576
Insurance	-	1,789	-	1,789	1,736
Legal fees	-	2,736	-	2,736	148
Fundraising fees	-	-	36	36	-
Other	-	330	-	330	1,171
TOTAL EXPENSES	\$ 465,673	\$ 135,099	\$ 77,528	\$ 678,300	\$ 608,767

The accompanying notes to financial statements
are an integral part of this statement.

THE A.C.N.M. FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (193,841)	\$ 19,948
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net unrealized loss (gain) on investments	271,971	(61,278)
Write off of uncollectible contributions receivable	5,000	8,000
(Increase) decrease in contributions receivable	(54,389)	9,791
Increase (decrease) in accounts payable	10,641	(1,750)
(Decrease) increase in accrued expenses	(141)	316
Total adjustments	<u>233,082</u>	<u>(44,921)</u>
Net cash provided by (used in) operating activities	<u>39,241</u>	<u>(24,973)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments, net	<u>(12,724)</u>	<u>(37,549)</u>
Net cash used in investing activities	<u>(12,724)</u>	<u>(37,549)</u>
NET INCREASE (DECREASE) IN CASH	26,517	(62,522)
CASH, beginning of year	<u>157,465</u>	<u>219,987</u>
CASH, end of year	<u>\$ 183,982</u>	<u>\$ 157,465</u>

The accompanying notes to financial statements
are an integral part of this statement.

THE A.C.N.M. FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. ORGANIZATION

The A.C.N.M. Foundation, Inc. (the “Foundation”) is a 501(c)(3) nonprofit charitable organization incorporated in 1967. The mission of the Foundation is to improve health care outcomes for all people and communities through the support of midwifery.

The Foundation collaborates closely with the American College of Nurse-Midwives (“ACNM”) by supporting midwifery education, research, practice and leadership activities that advance the provision of high quality maternal, newborn, and well-woman health care services. The Foundation’s purposes are to support and benefit the mission of ACNM and to advance the public knowledge and understanding of professional midwifery in the following ways: sponsoring studies, surveys, and research and preparing, publishing, and disseminating essays, studies, reports, treatises and other scientific and educational materials; granting scholarships and fellowship funds; sponsoring and arranging educational observations for professionals and sponsoring educational or scientific meetings, conferences, workshops, and symposia; establishing and/or maintaining libraries; and other proper activities.

ACNM is a tax exempt 501(c)(6) organization, governed by a member-elected Board of Directors that consists of active members of ACNM. The Foundation is governed by an appointed Board of Trustees (the “Trustees”) which consists of midwives who are clinicians, educators, and researchers, and others with expertise in fundraising, law, financial management and investments. The ACNM President holds a voting position on the Foundation’s Board of Trustees, participating in all matters except for which there is a conflict of interest (see Note 8).

ACNM provides certain administrative and support services to the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting -

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of estimates -

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include, but are not limited to, the fair value of investments and the allocation of functional expenses. Accordingly, actual results may differ from these estimates.

Cash -

Cash includes demand deposits with banks or financial institutions and other types of accounts that have the general characteristics of demand deposits.

The Foundation maintains bank balances that, at times, may exceed the federally insured limits. The Foundation has not experienced losses relating to these deposits and management does not believe that the Foundation is exposed to any significant credit risk with respect to these amounts.

Grants -

Grants received by the Foundation are considered contributions and are recognized as received if no right of return or right of refusal to transfer assets exists. Grants which include grantor stipulated barriers are recognized when the barrier has been met. Grants in which a right of refusal to transfer assets exists are not recognized as revenue until the assets have been accepted.

Contributions -

Contributions are recognized as contribution revenue when the donor makes an unconditional promise in writing to give a stipulated amount to the Foundation over a specified period of time. Contributions which include donor stipulated barriers are recognized when the barrier has been met. Contributions receivable are recorded at their estimated net present value, based on anticipated future cash flows.

Management has determined that there was no discount required at December 31, 2022. Contributions of cash and other assets may be restricted by the donor and are recognized as contribution revenue when received.

Management periodically reviews the sufficiency of the allowance for uncollectible contributions, taking into consideration its historical losses and existing economic conditions, and makes adjustments to the allowance as it considers necessary. Contributions receivable are charged off against the allowance for uncollectible contributions in the period in which the collection efforts are exhausted.

Donated artwork -

Artwork is stated at cost or fair value at the date of contribution.

Investments -

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

Fair value measurements -

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation measures certain assets at their respective fair values and applies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Classification of net assets -

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained in accordance with GAAP. Resources are classified for accounting and reporting purposes into groups of net assets established according to their nature and purpose. Accordingly, all financial transactions are recorded and reported by net asset groups.

The Foundation's activities and net assets are reported in the following net asset groups:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Such gifts may stipulate that the entity may expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or the Trustee's approved spending policy.

In-kind contributions -

The Foundation records various types of in-kind contributions, including contributed tangible assets and services. Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills that are provided by individuals possessing those skills that typically would need to be purchased if not provided by donation. In-kind donations are reflected in the accompanying financial statements at their fair value as contributions and expenses as of their date of receipt based on information provided by the donor.

In addition, volunteers have donated significant time in support of the activities of the Foundation's program. However, the value of these services is not reflected in the accompanying financial statements for the years ended December 31, 2022 and 2021, as these services do not meet the criteria for recognition in accordance with GAAP.

Income taxes -

The Foundation is an exempt organization under Internal Revenue Code Section 501(c)(3). The Foundation has also been classified as an entity that is not a private foundation.

Functional allocation of expenses -

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. Natural expenses attributable to more than one functional expense category are allocated based on cost allocation techniques deemed appropriate for the expense incurred and established by the policies and procedures of the Foundation such as time and effort and other allocation methods. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior year comparative information -

The financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements as of and for the year ended December 31, 2021, from which the summarized information was derived.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable, net of allowance for doubtful contributions, consist of the following at December 31, 2022:

Contributions receivable	\$111,256
Less: allowance for doubtful contributions	<u>(5,000)</u>
	<u>\$106,256</u>

Future anticipated collections from contributions receivable are as follows:

Less than 1 year	\$66,482
2024	14,934
2025	12,004
2026	7,169
2027	<u>5,667</u>
	<u>\$106,256</u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments measured at fair value are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 64,050	\$ 17,172
Mutual funds:		
Fixed income	451,292	501,995
U.S. equities	415,452	619,230
International equities	<u>176,688</u>	<u>228,332</u>
	<u>\$1,107,482</u>	<u>\$1,366,729</u>

Cash assets are held in insured deposits with national banks. Fair value measurements of the equity and fixed income mutual funds are obtained using quoted prices (Level 1 inputs) for the net asset value of the funds at the measurement dates. There were no changes in fair value measurement techniques used during the year ended December 31, 2022.

5. ENDOWMENT

The Foundation's endowment funds held in perpetuity (the "Endowment") consist of funds established for specific purposes that were restricted by the donors to be invested in perpetuity.

Interpretation of relevant law -

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") governs the management and investment of funds held by not-for-profit corporations and other institutions.

The Foundation has interpreted NYPMIFA as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent to the uses, benefits, purposes and duration for which the Endowment is established, subject to the intent of the donor as expressed in the gift instrument.

The Trustees have determined it is prudent to preserve the value of the original gift as of the gift date of the donation absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies as the Endowment (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts to the Endowment, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is made to the fund. The remaining portion of the Endowment that is not classified in net assets with donor restriction held in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by NYPMIFA and the spending policy of the Foundation, as described below.

Endowment investment and spending policies -

The objective of the investment policy is to maximize long term returns without exposure to undue risk. The objectives of the investment portfolio are to achieve returns that exceed the increase in the consumer price index by 1.5% annually with no declines of more than 15% in any annual period. The target range for portfolio allows for ranges for minimum and maximum weightings with targets of 60% equities and 40% fixed income and cash.

The Board maintains a separate liquidity fund which has a minimum balance of \$100,000 with income generating investments to be used to fund operations, projects, scholarships, and programs.

Contributions that are subject to restrictions requiring that the principal be perpetually invested and the income be used as restricted by the donor are recorded within the Endowment.

In developing its spending policy, the Foundation considers the following factors:

1. The duration and preservation of the Endowment;
2. The purposes of the Foundation and the Endowment;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation;
7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the Endowment, giving due consideration to the effect that such alternatives may have on the Foundation; and
8. The investment policies of the Foundation.

From time to time, the fair value of assets associated with the donor restricted Endowment gifts may fall below the level that the Foundation must maintain as a fund of perpetual duration. At December 31, 2022 and 2021, no such deficiencies existed.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

Restricted for time and purpose:	
Scholarship and awards	\$ 171,866
Special projects	375,643
Conference participation	55,881
Public policy and research	47,661
Contributions receivable	111,256
Net assets with donor restrictions - time and purpose	<u>762,307</u>
Endowment funds held in perpetuity:	
Scholarships and awards	380,000
Special projects	176,000
Conference participation	60,000
Net assets with donor restrictions in perpetuity	<u>616,000</u>
Total net assets with donor restrictions	<u>\$1,378,307</u>

During the year ended December 31, 2022, the Foundation provided grants to ACNM using donor restricted contributions totaling \$163,750.

7. LIQUIDITY

At December 31, 2022, the Foundation's financial assets available within one year to meet general expenditures include:

Cash	\$183,982
Contributions receivable, net - current portion	<u>66,482</u>
Total available financial assets	<u><u>\$250,464</u></u>

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2023, which is the date the financial statements were available to be issued.

During the year ended December 31, 2022, the Foundation reorganized its corporate structure with a re-designation by the IRS as a tax exempt 501(c)(3) public charity, independent of the ACNM. The previous IRS designation was as a tax exempt 501(c)(3) charitable organization functioning as a Type III Supporting Organization to the ACNM.

Subsequent to December 31, 2022, the Foundation established administrative and support functions independent from ACNM.

The change in corporate structure was the outcome of strategic planning of the Trustees after a review of their partnership with ACNM, along with an assessment of the expanded range of donors and beneficiaries. The new corporate structure will allow for greater flexibility for the Foundation to pursue its mission, engage in best practices for financial and organizational management, and create new fundraising and grant opportunities for the continued advancement of midwifery. It also enables the Foundation to expand its partnerships with other mission-aligned nonprofit organizations, in addition to ACNM.