

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

FINANCIAL STATEMENTS
DECEMBER 31, 2020
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT



Rochester, New York

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The A.C.N.M. Foundation, Inc., which comprise the statement of financial position as of December 31, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The A.C.N.M. Foundation, Inc. as of December 31, 2020, 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.

2019 Financial Statements

The financial statements of The A.C.N.M. Foundation, Inc. as of and for the year ended December 31, 2019 were audited by other auditors whose report dated May 11, 2020 expressed an unmodified audit opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DeJoy, Knauf & Blood, LLP

May 4, 2021.

THE A.C.N.M. FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 219,987	\$ 81,714
Contributions receivable	30,735	36,464
Total current assets	250,722	118,178
INVESTMENTS	1,275,902	1,167,165
OTHER ASSETS:		
Long-term portion of contributions receivable	35,923	60,317
Donated art work	8,500	8,500
	44,423	68,817
TOTAL ASSETS	\$ 1,571,047	\$ 1,354,160
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 19,650	\$ 18,500
Total current liabilities	19,650	18,500
NET ASSETS:		
Without donor restrictions	29,412	(40,418)
With donor restrictions	1,521,985	1,376,078
Total net assets	1,551,397	1,335,660
TOTAL LIABILITIES AND NET ASSETS	\$ 1,571,047	\$ 1,354,160

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, 2020
(with comparative totals for the year ended December 31, 2019)

	2020			2019
	Without donor restrictions	With donor restrictions	Total	
SUPPORT, REVENUE AND GAINS:				
Contributions	\$ 285,111	\$ -	\$ 285,111	\$ 225,841
Grants	-	250,000	250,000	55,000
Investment return, net	-	108,741	108,741	173,930
Other income	33	-	33	-
Net assets released from restriction	212,834	(212,834)	-	-
Total support, revenue and gains	<u>497,978</u>	<u>145,907</u>	<u>643,885</u>	<u>454,771</u>
EXPENSES:				
Program services	338,372		338,372	203,855
Management and general	69,604		69,604	91,954
Fundraising	20,172		20,172	37,028
Total expenses	<u>428,148</u>		<u>428,148</u>	<u>332,837</u>
CHANGE IN NET ASSETS	69,830	145,907	215,737	121,934
NET ASSETS , beginning of year	<u>(40,418)</u>	<u>1,376,078</u>	<u>1,335,660</u>	<u>1,213,726</u>
NET ASSETS , end of year	<u>\$ 29,412</u>	<u>\$ 1,521,985</u>	<u>\$ 1,551,397</u>	<u>\$ 1,335,660</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, 2020
(with comparative totals for the year ended December 31, 2019)

	2020				2019
	Program services	Management and general	Fundraising	Total	
Awards and grants	\$ 221,446	\$ -	\$ -	\$ 221,446	\$ 110,000
Professional fees	116,700	18,000	13,800	148,500	142,903
Accounting fees	-	28,565	-	28,565	29,550
Supplies and subscriptions	-	6,697	-	6,697	6,013
Rent	-	6,000	-	6,000	6,000
Legal fees	-	4,963	-	4,963	-
Banking fees	-	661	2,733	3,394	4,101
Licenses and permits	-	-	2,591	2,591	4,632
Insurance	-	1,890	-	1,890	1,989
Postage and printing	-	1,083	-	1,083	1,904
Fundraising fees	-	-	548	548	-
Advertising	-	-	500	500	-
Travel and meetings	-	367	-	367	22,036
Conferences and conventions	-	270	-	270	2,617
Other	226	1,108	-	1,334	1,092
TOTAL EXPENSES	<u>\$ 338,372</u>	<u>\$ 69,604</u>	<u>\$ 20,172</u>	<u>\$ 428,148</u>	<u>\$ 332,837</u>

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, 2020
(with comparative totals for the year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 215,737	\$ 121,934
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized gains on investments	(80,025)	(144,588)
Decrease in contributions receivable	30,123	64,608
Increase (decrease) in accounts payable	1,150	(3,250)
Total adjustments	(48,752)	(83,230)
Net cash provided by operating activities	166,985	38,704
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments, net	(28,712)	(81,619)
Net cash used in investing activities	(28,712)	(81,619)
NET INCREASE (DECREASE) IN CASH	138,273	(42,915)
CASH, beginning of year	81,714	124,629
CASH, end of year	\$ 219,987	\$ 81,714

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, 2020

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 promote excellence in health care for women, newborns and families worldwide 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.

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, contributions and contributions receivable -

Revenue from grants, which meets the accounting model for contributions, is recognized as barriers, stipulated by the grant agreement, are met and no right of return or right of refusal to transfer assets exists. 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 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, 2020. Contributions of cash and other assets may be restricted by the donor.

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 at 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. The contributions of tangible assets are recognized at the date of the contribution and are recorded at fair value. 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.

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.

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, 2019, from which the summarized information was derived.

Prior period reclassifications -

Certain reclassifications have been made to the prior year comparative information to conform to the current year presentation.

Change in accounting principle -

The Foundation adopted Accounting Standards Update 2018-08, *Clarifying the Scope and Audit Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”) for the year ending December 31, 2020. ASU 2018-08 provides a framework for determining whether a grant or similar contract should be accounted for as a contribution or as an exchange transaction. One of the criteria under the new guidance is to evaluate whether the resource provider is receiving value in return for the resources transferred to the nonprofit entity (i.e. an exchange transaction) with the understanding that a governmental agency or private foundation is not synonymous with the general public. The evaluation of grants that take the form of conditional contributions would consider the existence of measurable performance-related barriers or other criteria prior to the timing of the recognition of the related revenue. The adoption of ASU 2018-08 did not have a material effect on the accompanying financial statements.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31, 2020:

Contributions receivable	\$66,658
Less: current portion	<u>(30,735)</u>
Long-term portion	<u>\$35,923</u>

Future anticipated collections from contributions receivable are as follows:

Less than 1 year	\$30,735
1 - 3 years	<u>35,923</u>
	<u>\$66,658</u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 9,668	\$ 12,166
Mutual funds:		
Fixed income	548,736	513,490
U.S. equities	509,894	463,817
International equities	<u>207,604</u>	<u>177,692</u>
	<u>\$1,275,902</u>	<u>\$1,167,165</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, 2020.

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 \$50,000 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, 2020 and 2019, no such deficiencies existed.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Restricted for time and purpose:	
Scholarship and awards	\$ 363,798
Special projects	330,142
Conference participation	79,075
Public policy and research	66,312
Contributions receivable	<u>66,658</u>
Net assets with donor restrictions - time and purpose	<u>905,985</u>
Endowment funds held in perpetuity:	
Scholarships and awards	380,000
Special projects	176,000
Conference participation	<u>60,000</u>
Net assets with donor restrictions in perpetuity	<u>616,000</u>
Total net assets with donor restrictions	<u><u>\$1,521,985</u></u>

7. LIQUIDITY

At December 31, 2020, the Foundation's financial assets available within one year to meet general expenditures include:

Cash and cash equivalents	\$219,987
Contributions receivable – current portion	<u>30,735</u>
Net available financial assets	<u><u>\$250,722</u></u>

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 4, 2021, which is the date the financial statements were available to be issued.