



**ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC
AND NEONATAL NURSES**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2017

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

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Independent Auditors' Report

To the Board of Directors
Association of Women's Health, Obstetric and Neonatal Nurses
Washington, D.C.

We have audited the accompanying financial statements of the Association of Women's Health, Obstetric and Neonatal Nurses (AWHONN), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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 Association of Women's Health, Obstetric and Neonatal Nurses as of December 31, 2017, 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.



To the Board of Directors
Association of Women's Health, Obstetric and Neonatal Nurses

Report on Summarized Comparative Information

The financial statements of Association of Women's Health, Obstetric and Neonatal Nurses as of December 31, 2016, were audited by other auditors whose report dated June 13, 2017, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the 2016 audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional revenue and functional expenses on page 20-21 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
July 12, 2018

Certified Public Accountants

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)**

	<u>2017</u>	<u>2016</u>
Assets		
Cash and Cash Equivalents	\$ 1,534,354	\$ 2,282,888
Grants and Accounts Receivable, Net	492,436	364,481
Inventory	69,087	53,000
Prepaid Expenses	250,376	319,265
Investments	6,036,315	5,229,631
Deposits	402,920	474,528
Deferred Compensation Plan Assets	81,975	51,523
Property and Equipment, Net	<u>1,287,131</u>	<u>1,524,911</u>
Total Assets	<u>\$ 10,154,594</u>	<u>\$ 10,300,227</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 728,308	\$ 893,467
Deferred Membership Dues	1,174,521	1,151,564
Other Deferred Revenue	867,624	940,433
Deferred Compensation Plan Obligation	81,975	51,523
Deferred Rent and Lease Incentive	<u>2,054,856</u>	<u>2,039,192</u>
Total Liabilities	4,907,284	5,076,179
Net Assets		
Unrestricted	4,518,900	4,828,469
Temporarily Restricted	<u>728,410</u>	<u>395,579</u>
Total Net Assets	<u>5,247,310</u>	<u>5,224,048</u>
Total Liabilities and Net Assets	<u>\$ 10,154,594</u>	<u>\$ 10,300,227</u>

See accompanying Notes to Financial Statements.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	2017			2016		
	Unrestricted	Temporarily Restricted	2017 Total	Unrestricted	Temporarily Restricted	2016 Total
Support and Revenue						
Member Services and Operations	\$ 6,283,437	\$ -	\$ 6,283,437	\$ 6,720,499	\$ -	\$ 6,720,499
Marketing, Communications, and Publications	2,721,622	105,000	2,826,622	2,420,688	448,000	2,868,688
Business Development	2,902,106	25,000	2,927,106	2,469,262	-	2,469,262
Sections	1,607,947	-	1,607,947	1,103,469	110,000	1,213,469
Finance, Administration, and Technology	520,876	-	520,876	196,958	-	196,958
Nursing, Research, Education, and Practice	21,178	585,233	606,411	93,929	137,828	231,757
Net Assets Released from Restrictions						
Satisfaction of Program Restrictions	382,402	(382,402)	-	882,104	(882,104)	-
Total Support and Revenue	14,439,568	332,831	14,772,399	13,886,909	(186,276)	13,700,633
Expenses						
Program Services						
Business Development	2,871,221	-	2,871,221	2,578,242	-	2,578,242
Marketing, Communications, and Publications	2,491,372	-	2,491,372	2,499,587	-	2,499,587
Nursing, Research, Education, and Practice	1,936,241	-	1,936,241	2,383,507	-	2,383,507
Research and Policy	527,548	-	527,548	-	-	-
Sections	1,300,100	-	1,300,100	1,053,848	-	1,053,848
Total Program Services	9,126,482	-	9,126,482	8,515,184	-	8,515,184
Supporting Services						
Member Services and Operations	2,025,834	-	2,025,834	2,181,165	-	2,181,165
Finance, Administration, and Technology	1,851,072	-	1,851,072	2,027,629	-	2,027,629
Human Resources	851,415	-	851,415	973,051	-	973,051
Executive Office	867,788	-	867,788	873,862	-	873,862
Total Supporting Services	5,596,109	-	5,596,109	6,055,707	-	6,055,707
Total Expenses	14,722,591	-	14,722,591	14,570,891	-	14,570,891
Change in Unrestricted Net Assets from Operations	(283,023)	332,831	49,808	(683,982)	(186,276)	(870,258)
Other Revenue and Expenses						
Income Taxes	(26,546)	-	(26,546)	(8,440)	-	(8,440)
Change in Net Assets	(309,569)	332,831	23,262	(692,422)	(186,276)	(878,698)
Net Assets, Beginning of Year	4,828,469	395,579	5,224,048	5,520,891	581,855	6,102,746
Net Assets, End of Year	\$ 4,518,900	\$ 728,410	\$ 5,247,310	\$ 4,828,469	\$ 395,579	\$ 5,224,048

See accompanying Notes to Financial Statements.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 23,262	\$ (878,698)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Provision for Doubtful Grants and Accounts Receivable	-	(16,491)
Depreciation and Amortization	244,204	225,593
Net Realized and Unrealized Gain on Investments	(653,990)	(255,872)
Changes in Assets and Liabilities		
Grants and Accounts Receivable	(127,955)	152,983
Inventory	(16,087)	23,428
Prepaid Expenses	68,889	(121,695)
Deposits	71,608	(19,673)
Accounts Payable and Accrued Expenses	(165,159)	46,387
Deferred Membership Dues	22,957	(85,861)
Other Deferred Revenue	(72,809)	395,704
Deferred Compensation Plan Obligation	30,452	51,523
Deferred Rent and Lease Incentive	15,664	778,186
	<u>(558,964)</u>	295,514
Net Cash (Used in) Provided by Operating Activities		
Cash Flows from Investing Activities		
Purchases of Investments	(4,308,996)	(2,965,564)
Proceeds from Sale or Maturity of Investments	4,156,302	2,821,379
Purchases of Deferred Compensation Plan Assets	(30,452)	(51,523)
Purchases of Property and Equipment	(6,424)	(346,759)
	<u>(189,570)</u>	(542,467)
Net Cash Used in Investing Activities		
Net Decrease in Cash and Cash Equivalents	(748,534)	(246,953)
Cash and Cash Equivalents, Beginning of Year	2,282,888	2,529,841
Cash and Cash Equivalents, End of Year	<u>\$ 1,534,354</u>	<u>\$ 2,282,888</u>
Supplementary Disclosure of Cash Flow Information		
Taxes Paid	\$ 26,546	\$ 8,440
Noncash Transactions from Investing Activities		
Leasehold Improvements Acquired in Operating Lease	\$ -	\$ 999,504
Deferred Lease Incentive included in Operating Lease	-	(999,504)
	<u>\$ -</u>	<u>\$ -</u>
Net Investing Activities Cash Outlay		

See accompanying Notes to Financial Statements.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Association of Women's Health, Obstetric and Neonatal Nurses (AWHONN), incorporated in 1992, is a not-for-profit association dedicated to establishing and promoting the highest standards of women's health, obstetric and neonatal nursing practice, education, and research. The accompanying financial statements include the activities of AWHONN's headquarters and AWHONN's 51 sections. The 51 sections are not separately incorporated, and therefore, their activity is reported as part of AWHONN's financial statements. AWHONN's revenue and support consist of membership dues, revenue from section activities, registration and exhibit fees related to the annual convention, product sales, and royalties. Members are located in all fifty states and on US military installations around the world.

Basis of Presentation

The financial statement presentation follows generally accepted accounting principles in the United States of America (GAAP). AWHONN prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

Cash and Cash Equivalents

AWHONN considers all short-term, highly liquid investments with initial maturities of three months or less to be cash equivalents, other than the cash and cash equivalents in its investment portfolio which are not used in current operations. Included in cash and cash equivalents in the accompanying statement of financial position is \$577,927 of cash which is restricted for use by AWHONN's various sections.

Receivables

AWHONN uses the allowance method to record potentially uncollectible receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Inventory

Inventory consists of publications held for sale, and is carried at the lower of cost or market value. Cost is determined using the first-in, first-out method. Appropriate consideration is given to obsolescence in evaluating net realizable value. Obsolete inventory is written off in the year it becomes obsolete.

Investments

Investments are reported at fair value and consist of unit investment trusts, equity and fixed-income mutual funds, exchange-traded funds, money market funds and corporate bonds. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of fair value at the beginning and end of the reporting period.

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 GAAP and requires disclosures about fair value measurement for assets and liabilities that are 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 measurements, 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, or unobservable, whereby assumptions about market participants 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; and

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, 2017, AWHONN's investments and the assets and liability related to the deferred compensation plan were measured at fair value on a recurring basis, as presented in Note 4.

AWHONN follows the measurement provisions of FASB Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance amends the Fair Value Measurements topic and permits, as a practical expedient, fair value of investments within its scope to be estimated using net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with the measurement principles of an investment company or that has the attributes of an investment company.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which is effective for non-public entities for fiscal years beginning after December 15, 2016, with early adoption permitted. This standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using NAV per share as a practical expedient. Management of AWHONN has elected to adopt this standard early. Accordingly, applicable investments measured at fair value on a recurring basis using NAV or its equivalent as a practical expedient are excluded from the fair value hierarchy disclosures and included as a reconciling item in Note 4 of these financial statements.

Property and Equipment

Property and equipment are recorded at cost. All expenditures for property and equipment of \$500 or more are capitalized. Depreciation and amortization on furniture and equipment, website, and video production workshop is provided for on a straight-line basis over the estimated useful lives of the assets, which are generally five or ten years. When assets are retired or disposed of, the cost and related accumulated depreciation or amortization are removed from the accounting records and any gain or loss is reflected in income. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or the estimated useful life.

Classification of Net Assets

AWHONN's net assets are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of AWHONN's operations.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or time periods.

Presentation of Revenue

The following is an explanation of certain revenue categories presented in the statement of activities:

Member Services and Operations: Revenue related to membership dues, royalty income, product sales, and webinars.

Marketing, Communications, and Publications: Revenue from royalty income, the sale of products and services to members, and the general population of nurses within the specialties of women's health, obstetrics and neonatal nursing.

Business Development: Revenue from the annual convention, AWHONN industry member (AIM) program dues, and contributions.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation of Revenue (Continued)

Sections: Revenue mostly from section dues, grants, and conferences related to education, leadership development and opportunities to network with colleagues and other health care providers, and investment income related to the sections investments.

Nursing, Research, Education, and Practice: Revenue derived from the development of educational products relevant to women's health, obstetrics and neonatal nursing through grants and registration fees.

Research and Policy: Execute research projects to inform the current state of women's health, obstetric and neonatal nursing science and develop and execute the legislative agenda for the organization through interactions with Section Legislative Coordinators, grassroots advocacy, coalition participations, position statements, and various communications with lawmakers.

Finance, Administration, and Technology: Revenue related to investment income.

Revenue Recognition

Membership dues are recognized as revenue on a pro-rata basis over the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred membership dues in the accompanying statement of financial position.

Revenue and the related costs of the annual conference and exhibits are recognized in the year in which the annual conference is held. Accordingly, registration and exhibit fees received in advance of the annual conference are recorded as other deferred revenue in the accompanying statement of financial position.

Revenue from sales of products, publications, and videos is reported as earned revenue when AWHONN has fulfilled its obligation under the terms of the sale.

Revenue from royalties is recognized in the period to which the royalty payment relates. Up-front fees are deferred and recognized over the terms established in the agreement.

Contributions are reported as revenue in the year in which payments are received and/or unconditional promises are made. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Conditional promises to give are not included as support until such time as the conditions are substantially met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Revenue recognized on contributions that have been committed to AWHONN but have not been received is reflected as grants and accounts receivable in the accompanying statement of financial position.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

AWHONN also receives contract awards in exchange for services. Revenue from the contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs. Revenue recognized on contracts for which payments have not been received is included in grants and accounts receivable in the accompanying statement of financial position. Funds received, but not yet expended, under grants and contracts are reflected as other deferred revenue in the accompanying statement of financial position.

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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct labor costs. All other costs are allocated directly to the programs and other activities to which they relate.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measure of Operations

In its statement of activities, AWHONN includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting services. Income taxes paid are recognized as non-operating activities.

2. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consisted of the following as of December 31, 2017:

Royalties	\$ 233,942
Contributions and Contracts	123,371
Inventory Sales	92,001
Section Receivables	39,533
Other Receivables	6,366
	<hr/>
Total Grants and Accounts Receivable	495,213
Less Allowance for Doubtful Accounts	(2,777)
	<hr/>
Grants and Accounts Receivable, Net	<u>\$ 492,436</u>

All receivables are due within one year.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

3. INVESTMENTS

Investments, at fair value, consisted of the following as of December 31, 2017:

Unit Investment Trusts	\$ 2,059,959
Exchange-Traded Funds	2,479,644
Corporate Bonds	613,124
Money Funds and Cash	443,563
Fixed-Income Mutual Funds	248,873
Equity Mutual Funds	<u>191,152</u>
Total Investments	<u>\$ 6,036,315</u>

As of December 31, 2017, approximately \$2,734,000 of the investment balance was allocated to the Sections.

Net investment income is summarized as follows for the year ended December 31, 2017:

Interest and Dividends	\$ 129,111
Unrealized Gains	489,950
Realized Gains	<u>164,040</u>
Net Investment Income	<u>\$ 783,101</u>

Investment fees for the year ended December 31, 2017, were \$67,172.

AWHONN entered into a loan management account agreement with its investment custodian that is collateralized by AWHONN's investments. AWHONN can draw amounts on the credit facility up to \$500,000. Amounts drawn on the credit facility are due on demand and bear interest based on the one-month LIBOR plus a fixed interest spread of 3.625%. The interest rate was 5.1% as of December 31, 2017. As of December 31, 2017, AWHONN had no outstanding balance due on this credit facility and had not drawn on it during the year.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. FAIR VALUE MEASUREMENTS

The following table summarizes AWHONN's assets and liabilities measured at fair value on a recurring basis as of December 31, 2017, aggregated by the fair value hierarchy level within which those measurements were made:

	Fair Value	Quoted Prices in Active Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Investments				
<u>Exchange-Traded Funds</u>				
Technology	\$ 590,794	\$ 590,794	\$ -	\$ -
Health	292,425	292,425	-	-
Industrials	285,879	285,879	-	-
Consumer Cyclical	318,471	318,471	-	-
Equity Energy	114,460	114,460	-	-
Financial	136,508	136,508	-	-
Foreign Stock	191,072	191,072	-	-
Other	433,207	433,207	-	-
Fixed-Income	116,828	116,828	-	-
<u>Fixed-Income Mutual Funds</u>				
Nontraditional Bond	248,873	248,873	-	-
<u>Equity Mutual Funds</u>				
Foreign Small/Mid-Blend	191,152	191,152	-	-
Corporate Bonds	613,124	-	613,124	-
Money Funds	8,743	8,743	-	-
Total Investments at Fair Value	3,541,536	\$ 2,928,412	\$ 613,124	\$ -
Cash and Cash Equivalents	434,820			
Investments Held at NAV	2,059,959			
Total Investments	6,036,315			
Assets Held for Deferred Compensation Plan				
<u>Equity Mutual Funds</u>				
U.S. Small/Mid-Cap	40,702	\$ 40,702	\$ -	\$ -
U.S. Large-Cap	41,273	41,273	-	-
Total Assets Held for Deferred Compensation Plan	81,975	81,975	-	-
Total Assets	\$ 6,118,290	\$ 81,975	\$ -	\$ -
Liabilities				
Deferred Compensation	\$ 81,975	\$ 81,975	\$ -	\$ -
Total Liabilities	\$ 81,975	\$ 81,975	\$ -	\$ -

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. FAIR VALUE MEASUREMENTS (CONTINUED)

AWHONN used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

Exchange-Traded Funds, Mutual Funds, and Money Funds - Valued at readily available quoted market prices from an active market where there is significant transparency in the executed/quoted market price.

Corporate Bonds - Valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. A yield-based matrix system was used to arrive at an estimated market value for the bonds (a market valuation approach).

Deferred Compensation Liability - Value is based on the fair value of investments corresponding to the employee's investment selections (see mutual funds above for valuation technique used for the employee's investment selections) plus the value of cash accruals for amounts not yet transferred to the plan assets.

The table below details AWHONN's ability to redeem investment funds valued at NAV or its equivalent as of December 31, 2017:

	Fair Value	Number of Funds	Unfunded Commitments	Redemption Frequency, if Currently Eligible	Redemption Notice Period
Unit Investment Trusts	\$ 2,059,959	8	\$ -	Daily	2 to 3 days

5. PROPERTY AND EQUIPMENT

AWHONN's property and equipment consisted of the following as of December 31, 2017:

Furniture and Equipment	\$ 2,035,578
Website	1,871,743
Leasehold Improvements	1,359,118
Video Publication Workshop	146,212
Total Property and Equipment	5,412,651
Less Accumulated Depreciation and Amortization	(4,125,520)
Property and Equipment, Net	\$ 1,287,131

Depreciation and amortization expense totaled \$244,204 for the year ended December 31, 2017.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017, AWHONN's temporarily restricted net assets were available for the following projects or purposes under the nursing, research, education, and practices program:

Institute for Women's Reproductive Health	\$ 318,329
Consumer Media	299,584
Time-Restricted	52,471
Neonatal Skin Care	36,026
Nursing Administration	12,000
Every Women Every Baby	<u>10,000</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 728,410</u></u>

7. COMMITMENTS, RISKS, AND CONTINGENCIES

Operating Leases

In October 2015, AWHONN entered into a lease agreement for new office space in Washington, D.C. The lease commencement date was March 1, 2016. The lease has an initial lease term of 11 years from the lease commencement date, with a five-year renewal option. Annual base rent is \$1,000,340, with a fixed annual escalation of 2.5%. AWHONN received an abatement of the base rent during the first 12 months of the lease term. The lease required a security deposit of \$333,447 which is included in deposits in the accompanying statement of financial position. AWHONN also received a construction allowance of up to \$1,636,920, of which \$1,182,591 was used as of December 31, 2017.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as part of deferred rent and lease incentive in the accompanying statement of financial position. Office rental expense totaled approximately \$908,000 for the year ended December 31, 2017. AWHONN also leases certain office equipment under operating leases. The leases will expire at various times through 2020.

Future minimum lease payments related to these leases are as follows:

<u>For the Years Ending December 31,</u>	<u>Equipment</u>	<u>Office Space</u>	<u>Total Commitment</u>
2018	\$ 40,969	\$ 1,046,659	\$ 1,087,628
2019	38,675	1,072,880	1,111,555
2020	12,892	1,099,707	1,112,599
2021	-	1,134,507	1,134,507
2022	-	1,164,365	1,164,365
Thereafter	-	5,170,727	5,170,727
	<u><u>\$ 92,536</u></u>	<u><u>\$ 10,688,845</u></u>	<u><u>\$ 10,781,381</u></u>

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

7. COMMITMENTS, RISKS, AND CONTINGENCIES (CONTINUED)

Contractual Commitments

AWHONN has entered into various letters of agreement for commitments for hotel accommodations for its planned conventions through 2018. In the event AWHONN were to cancel these reservations or fail to use a specified percentage of the total space reserved, AWHONN would be required to pay liquidated damages based upon the date the hotel was notified of the cancellation or reduction in requested rooms, as well as the hotel's ability to fill the resulting vacancies. Management of AWHONN does not believe that any of these commitments will result in a loss due to liquidated damages. Accordingly, no amount for this potential liability has been reflected in the accompanying financial statements.

Concentration of Credit Risk

AWHONN maintains its cash and cash equivalents with commercial financial institutions which aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution and the National Credit Union Administration (NCUA) insured limit of \$500,000 per depositor. As of December 31, 2017, AWHONN's cash exceeded the maximum limit insured by the FDIC or NCUA by approximately \$516,000. AWHONN monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

Concentration of Revenue and Support

AWHONN received approximately 23% of its revenue from two royalty contracts and three grantors during 2017.

8. PENSION PLANS

AWHONN has a defined contribution pension plan (the Plan) which operates under Section 403(b) of the Internal Revenue Code (the IRC). The Plan covers all of AWHONN's full-time employees. AWHONN matches up to 6% of an employee's salary for those employees who elect to contribute to the Plan. Employees become fully vested in AWHONN's contributions after participating in the Plan for three years. Non-vested contributions for terminated employees are forfeited and used to reduce subsequent AWHONN contributions.

In addition, AWHONN also has a deferred compensation plan for its eligible executive under the IRC Section 457(b). Under the 457(b) plan, contributions to the 457(b) plan are fully vested and nonforfeitable at all times. AWHONN did not make any discretionary contributions to the 457(b) plan for the year ended December 31, 2017.

AWHONN's combined contributions for these plans totaled \$289,914 for the year ended December 31, 2017.

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

9. INCOME TAXES

AWHONN qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code. Unrelated business income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. AWHONN receives unrelated business income from advertising and royalties. Unrelated business income tax expense recorded during the year ended December 31, 2017, was \$26,546 and is recognized as an expense in the accompanying statement of activities. During the year ended December 31, 2017, there were no estimated tax payments made to tax authorities as no amount was due.

AWHONN performed an evaluation of uncertainty in income taxes for the year ended December 31, 2017, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2017, the statute of limitations for tax years 2014 through 2016 remains open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which AWHONN files tax returns. AWHONN is not currently under audit by the U.S. Internal Revenue Service as of December 31, 2017. It is AWHONN's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2017, AWHONN had no accruals for interest and/or penalties.

10. PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The accompanying financial statements include certain prior year summarized comparative 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 AWHONN's audited financial statements for the year ended December 31, 2016, from which the summarized information was prepared.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 12, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**SCHEDULE OF FUNCTIONAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Member Services and Operations	Marketing, Communications, and Publications	Business Development	Sections	Finance, Administration, and Technology	Nursing, Research, Education, and Practice	Total
Dues Revenue	\$ 3,432,719	\$ -	\$ 257,917	\$ 293,193	\$ -	\$ -	\$ 3,983,829
Royalties	2,211,870	1,255,360	-	-	-	-	3,467,230
Convention and Exhibit Fees Revenue	-	-	2,236,607	707,557	-	-	2,944,164
Contributions and Contracts	-	55,000	424,358	306,565	-	585,233	1,371,156
Inventory Sales	551,259	1,293,444	-	-	-	-	1,844,703
Other Income	68,107	222,263	5,524	23,696	14,711	14,932	349,233
Net Investment Income	-	-	-	276,936	506,165	-	783,101
Label/List Rental Income	19,482	555	2,700	-	-	-	22,737
Consultation and Related Services	-	-	-	-	-	6,246	6,246
Total Revenue	\$ 6,283,437	\$ 2,826,622	\$ 2,927,106	\$ 1,607,947	\$ 520,876	\$ 606,411	\$ 14,772,399

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC AND NEONATAL NURSES

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services					Supporting Services					Total	
	Business Development	Marketing, Communications, and Publications	Nursing, Research, Education, and Practice	Research and Policy	Sections	Total Program Services	Member Services and Operations	Finance, Administration, and Technology	Human Resources	Executive Office		Total Supporting Services
Salaries and Benefits	\$ 981,500	\$ 1,317,500	\$ 1,320,600	\$ 367,400	\$ -	\$ 3,987,000	\$ 1,266,200	\$ 1,083,200	\$ 349,800	\$ 484,600	\$ 3,183,800	\$ 7,170,800
Conference	1,087,900	4,200	20,800	2,800	984,000	2,099,700	7,700	-	-	49,800	57,500	2,157,200
Consultants	84,700	392,000	10,500	37,900	-	525,100	122,700	239,200	14,700	18,500	395,100	920,200
Rent	124,309	166,865	167,257	46,532	-	504,963	160,367	137,191	44,303	61,376	403,237	908,200
Travel	200,900	49,500	89,300	8,600	134,100	482,400	26,900	13,200	-	89,200	129,300	611,700
Processing Fees	53,723	72,115	72,284	20,110	-	218,232	69,307	59,289	19,147	26,525	174,268	392,500
New Program Contingency	-	-	-	-	-	-	-	-	251,200	-	251,200	251,200
Dues and Subscription	300	600	18,200	7,100	118,000	144,200	-	137,300	17,500	14,800	169,600	313,800
Depreciation and Amortization	33,425	44,867	44,973	12,512	-	135,777	43,120	36,888	11,912	16,503	108,423	244,200
Promotion	34,900	106,900	-	-	-	141,800	14,900	-	-	700	15,600	157,400
Legal	16,822	22,581	22,634	6,297	-	68,334	21,701	18,564	5,995	8,306	54,566	122,900
Printing	600	143,000	-	-	10,400	154,000	28,600	-	-	300	28,900	182,900
Fellowship and Awards	6,900	-	60,000	-	21,300	88,200	54,600	-	-	-	54,600	142,800
Production/Publications	51,200	9,900	9,400	-	-	70,500	77,700	-	-	-	77,700	148,200
Equipment Rental and Maintenance	15,015	20,155	20,203	5,621	-	60,994	19,371	16,571	5,351	7,413	48,706	109,700
Miscellaneous	4,500	4,800	4,800	800	3,900	18,800	7,637	51,700	19,400	7,200	85,937	104,737
Telephone	64,807	15,635	13,868	3,858	300	98,468	13,296	11,374	3,673	5,089	33,432	131,900
Postage and Shipping	23,200	44,400	-	-	2,100	69,700	20,300	25,100	-	-	45,400	115,100
Insurance	14,563	19,549	19,595	5,451	-	59,158	18,788	16,074	5,190	7,190	47,242	106,400
Honoria	43,400	-	32,500	-	-	75,900	40,400	-	-	-	40,400	116,300
Costs of Goods Sold	-	47,600	-	-	-	47,600	-	-	-	-	-	47,600
Officers' Stipend	-	-	-	-	-	-	-	-	-	65,000	65,000	65,000
Temporary Staff	17,000	-	-	-	-	17,000	-	-	70,000	-	70,000	87,000
Supplies	200	-	100	-	5,500	5,800	3,400	24,400	-	1,900	29,700	35,500
Audit	6,857	9,205	9,227	2,567	-	27,856	8,847	7,567	2,444	3,386	22,244	50,100
Recruiting Fees	-	-	-	-	-	-	-	-	18,500	-	18,500	18,500
Staff Training	4,500	-	-	-	-	4,500	-	-	12,300	-	12,300	16,800
Section Activity	-	-	-	-	20,500	20,500	-	-	-	-	-	20,500
Total	\$ 2,871,221	\$ 2,491,372	\$ 1,936,241	\$ 527,548	\$ 1,300,100	\$ 9,126,482	\$ 2,025,834	\$ 1,877,618	\$ 851,415	\$ 867,788	\$ 5,622,655	\$ 14,749,137