



**AWHONN**

PROMOTING THE HEALTH OF  
WOMEN AND NEWBORNS

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

**Financial Statements and Supplemental Information**

*For the Year Ended December 31, 2016*

*(With Summarized Financial Information for the Year Ended December 31, 2015)*



**and  
Report Thereon**



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

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For the Year Ended December 31, 2016**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

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, 2016, 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.

### **Auditor's 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 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 the Association of Women's Health, Obstetric and Neonatal Nurses as of December 31, 2016, 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.

**Continued**

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited the AWHONN's 2015 financial statements, and in our report dated June 1, 2016, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Report on Supplemental 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 pages 18-19 are presented for purposes of additional analysis and are 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and 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.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
June 13, 2017

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

**STATEMENT OF FINANCIAL POSITION  
December 31, 2016**

(With Summarized Financial Information as of December 31, 2015)

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,282,888	\$ 2,529,841
Grants and accounts receivable, net	364,481	500,973
Inventory	53,000	76,428
Prepaid expenses	319,265	197,570
Investments	5,229,631	4,829,574
Deposits	474,528	454,855
Deferred compensation plan assets	51,523	-
Property and equipment, net	1,524,911	404,241
<b>TOTAL ASSETS</b>	<b>\$ 10,300,227</b>	<b>\$ 8,993,482</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 893,467	\$ 847,080
Deferred membership dues	1,151,564	1,237,425
Other deferred revenue	940,433	544,729
Deferred compensation plan obligation	51,523	-
Deferred rent and lease incentive	2,039,192	261,502
<b>Total Liabilities</b>	<b>5,076,179</b>	<b>2,890,736</b>
<b>Net Assets</b>		
Unrestricted	4,828,469	5,520,891
Temporarily restricted	395,579	581,855
<b>Total Net Assets</b>	<b>5,224,048</b>	<b>6,102,746</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,300,227</b>	<b>\$ 8,993,482</b>

The accompanying notes are an integral part of these financial statements.

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

**STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016  
(With Summarized Financial Information for the Year Ended December 31, 2015)**

	2016			2015		
	Unrestricted	Temporarily Restricted	2016 Total	Unrestricted	Temporarily Restricted	2015 Total
<b>SUPPORT AND REVENUE</b>						
Member services and operations	\$ 6,720,499	\$ -	\$ 6,720,499	\$ 6,390,729	\$ 50,000	\$ 6,440,729
Marketing, communications and publications	2,420,688	448,000	2,868,688	2,812,997	-	2,812,997
Business development	2,469,262	-	2,469,262	2,368,713	-	2,368,713
Sections	1,103,469	110,000	1,213,469	1,126,991	-	1,126,991
Finance, administration and technology	196,958	-	196,958	(100,823)	-	(100,823)
Nursing, research, education and practice	93,929	137,828	231,757	174,624	292,945	467,569
Net assets released from restrictions:						
Satisfaction of program restrictions	882,104	(882,104)	-	1,252,274	(1,252,274)	-
	<u>13,886,909</u>	<u>(186,276)</u>	<u>13,700,633</u>	<u>14,025,505</u>	<u>(909,329)</u>	<u>13,116,176</u>
<b>TOTAL SUPPORT AND REVENUE</b>						
<b>EXPENSES</b>						
Program Services:						
Business development	2,578,242	-	2,578,242	2,320,242	-	2,320,242
Marketing, communications and publications	2,499,587	-	2,499,587	2,467,363	-	2,467,363
Nursing, research, education and practice	2,383,507	-	2,383,507	2,049,007	-	2,049,007
Sections	1,053,848	-	1,053,848	1,016,497	-	1,016,497
	<u>8,515,184</u>	<u>-</u>	<u>8,515,184</u>	<u>7,853,109</u>	<u>-</u>	<u>7,853,109</u>
<b>Total Program Services</b>						
Supporting Services:						
Member services and operations	2,181,165	-	2,181,165	2,057,075	-	2,057,075
Finance, administration and technology	2,027,629	-	2,027,629	1,850,543	-	1,850,543
Human resources	973,051	-	973,051	832,351	-	832,351
Executive office	873,862	-	873,862	799,445	-	799,445
	<u>6,055,707</u>	<u>-</u>	<u>6,055,707</u>	<u>5,539,414</u>	<u>-</u>	<u>5,539,414</u>
<b>Total Supporting Services</b>						
<b>TOTAL EXPENSES</b>	<u>14,570,891</u>	<u>-</u>	<u>14,570,891</u>	<u>13,392,523</u>	<u>-</u>	<u>13,392,523</u>
Change in net assets from operations	(683,982)	(186,276)	(870,258)	632,982	(909,329)	(276,347)
<b>OTHER REVENUE AND EXPENSES</b>						
Income taxes	(8,440)	-	(8,440)	(89,229)	-	(89,229)
<b>CHANGE IN NET ASSETS</b>	(692,422)	(186,276)	(878,698)	543,753	(909,329)	(365,576)
<b>NET ASSETS, BEGINNING OF YEAR</b>	5,520,891	581,855	6,102,746	4,977,138	1,491,184	6,468,322
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,828,469</u>	<u>\$ 395,579</u>	<u>\$ 5,224,048</u>	<u>\$ 5,520,891</u>	<u>\$ 581,855</u>	<u>\$ 6,102,746</u>

The accompanying notes are an integral part of these financial statements.

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

**STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2016  
(With Summarized Financial Information for the Year Ended December 31, 2015)  
Increase (Decrease) in Cash and Cash Equivalents**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (878,698)	\$ (365,576)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for doubtful grants and accounts receivable	(16,491)	-
Depreciation and amortization	225,593	114,000
Net realized and unrealized gain from investments	(255,872)	295,860
Changes in assets and liabilities:		
Grants and accounts receivable	152,983	684,633
Inventory	23,428	(2,005)
Prepaid expenses	(121,695)	64,903
Deposits	(19,673)	(364,143)
Accounts payable and accrued expenses	46,387	16,802
Deferred membership dues	(85,861)	3,517
Other deferred revenue	395,704	168,001
Deferred compensation plan obligation	51,523	-
Deferred rent and lease incentive	778,186	(234,783)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>295,514</b>	<b>381,209</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(2,965,564)	(4,399,902)
Proceeds from sale or maturity of investments	2,821,379	4,333,774
Purchases of deferred compensation plan assets	(51,523)	-
Purchases of property and equipment	(346,759)	(62,259)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(542,467)</b>	<b>(128,387)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(246,953)</b>	<b>252,822</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,529,841</b>	<b>2,277,019</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,282,888</b>	<b>\$ 2,529,841</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Taxes paid	<b>\$ 8,440</b>	<b>\$ 89,229</b>
Noncash investing transaction:		
Leasehold improvements acquired in operating lease	\$ 999,504	\$ 183,087
Deferred lease incentive included in operating lease	(999,504)	(183,087)
<b>Net Investing Activities Cash Outlay</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATION OF WOMEN'S HEALTH,  
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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

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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 \$594,371 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



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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

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

**Investments (continued)**

orderly transaction 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.

*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, 2016, 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.

Continued

**ASSOCIATION OF WOMEN'S HEALTH,  
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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

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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.

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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

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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.

*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.

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

**ASSOCIATION OF WOMEN'S HEALTH,  
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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

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

**Revenue Recognition (continued)**

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, 2016:

Contributions and contracts	\$ 267,583
Inventory sales	48,510
Other receivables	36,994
Royalties	7,248
Section receivables	<u>6,923</u>
Total Grants and Accounts Receivable	367,258
Less: Allowance for Doubtful Accounts	<u>(2,777)</u>
Grants and Accounts Receivable, Net	<u>\$ 364,481</u>

All receivables are due within one year.

**ASSOCIATION OF WOMEN'S HEALTH,  
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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

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3. Investments

Investments, at fair value, consisted of the following as of December 31, 2016:

Unit investment trusts	\$ 2,046,337
Exchange-traded funds	2,033,184
Fixed-income mutual funds	611,839
Corporate bonds	202,377
Money funds and cash	172,863
Equity mutual funds	<u>163,031</u>
Total Investments	<u>\$ 5,229,631</u>

As of December 31, 2016, approximately \$2,365,000 of the investment balance was allocated to the Sections.

Net investment income is summarized as follows for the year ended December 31, 2016:

Interest and dividends	\$ 56,905
Unrealized gains	324,559
Realized losses	<u>(68,687)</u>
Net Investment Income	<u>\$ 312,777</u>

Investment fees for the year ended December 31, 2016 were \$63,522.

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 4.396% as of December 31, 2016. As of December 31, 2016, AWHONN had no outstanding balance due on this credit facility and had not drawn on it during the year.

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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

4. Fair Value Measurement

The following table summarizes AWHONN's assets and liabilities measured at fair value on a recurring basis as of December 31, 2016, aggregated by the fair value hierarchy level within which those measurements were made:

	<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 Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Exchange-traded funds:				
Technology	\$ 439,519	\$ 439,519	\$ -	\$ -
Health	246,257	246,257	-	-
Industrials	258,794	258,794	-	-
Consumer cyclical	251,689	251,689	-	-
Equity energy	162,390	162,390	-	-
Financial	123,016	123,016	-	-
Foreign stock	140,546	140,546	-	-
Other	265,429	265,429	-	-
Fixed-income	145,544	145,544	-	-
Fixed-income mutual funds:				
Intermediate bond	374,505	374,505	-	-
Nontraditional bond	237,334	237,334	-	-
Equity mutual funds:				
Foreign small/mid-blend	163,031	163,031	-	-
Corporate bonds	202,377	-	202,377	-
Money funds	<u>8,720</u>	<u>8,720</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>3,019,151</u>	<u>\$ 2,816,774</u>	<u>\$ 202,377</u>	<u>\$ -</u>
Cash and cash equivalents	164,143			
Investments				
Held at NAV	<u>2,046,337</u>			
Total Investments	<u>\$ 5,229,631</u>			

**ASSOCIATION OF WOMEN'S HEALTH,  
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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

4. Fair Value Measurement (continued)

<i>(Continued)</i>	<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 Unobservable Inputs (Level 3)</u>
Assets (continued)				
Assets held for deferred compensation plan:				
Equity mutual funds:				
U.S. small/mid-cap	\$ 26,884	\$ 26,884	\$ -	\$ -
U.S. large-cap	<u>24,639</u>	<u>24,639</u>	<u>-</u>	<u>-</u>
Total Assets Held for Deferred Compensation Plan	<u>51,523</u>	<u>51,523</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,281,154</u>	<u>\$ 2,868,297</u>	<u>\$ 202,337</u>	<u>\$ -</u>
Liabilities:				
Deferred compensation	\$ 51,523	\$ 51,523	\$ -	\$ -
Total Liabilities	<u>\$ 51,523</u>	<u>\$ 51,523</u>	<u>\$ -</u>	<u>\$ -</u>

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.

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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016**

4. Fair Value Measurement (continued)

The table below details AWHONN's ability to redeem investment funds valued at NAV or its equivalent as of December 31, 2016:

	<u>Fair Value</u>	<u>Number of Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Currently Eligible</u>	<u>Redemption Notice Period</u>
Unit investment trusts	\$ 2,046,337	6	\$ -	Daily	2 to 3 days

5. Property and Equipment

AWHONN's property and equipment consisted of the following as of December 31, 2016:

Furniture and equipment	\$ 2,027,154
Website	1,873,743
Leasehold improvements	1,359,118
Video production workshop	<u>146,212</u>
Total Property and Equipment	5,406,227
Less: Accumulated Depreciation and Amortization	<u>(3,881,316)</u>
Property and Equipment, Net	<u>\$ 1,524,911</u>

Depreciation and amortization expense totaled \$225,593 for the year ended December 31, 2016.

6. Temporarily Restricted Net Assets

As of December 31, 2016, AWHONN's temporarily restricted net assets were available for the following projects or purposes under the nursing, research, education and practices program:

Consumer media	\$ 311,264
Section/Chapter services	55,000
REP Administration	27,500
Power of touch	<u>1,815</u>
Total Temporarily Restricted Net Assets	<u>\$ 395,579</u>



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7. Commitments, Risks and Contingencies

**Operating Leases**

AWHONN leased office space that was scheduled to expire in December 2019. In July 2015, AWHONN requested and signed an agreement to terminate this office space lease effective February 29, 2016.

In October 2015, AWHONN entered into a lease agreement for new office space in Washington, DC. 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 and an advance deposit of \$83,362, which are 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, 2016. AWHONN received \$999,504 for leasehold improvements under the construction allowance during the year ended December 31, 2016.

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 \$962,400 for the year ended December 31, 2016. 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 Year Ending December 31,</u>	<u>Equipment</u>	<u>Office Space</u>	<u>Total Commitment</u>
2017	\$ 46,034	\$ 854,533	\$ 900,567
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
Thereafter	<u>-</u>	<u>6,335,092</u>	<u>6,335,092</u>
Total	<u>\$ 138,570</u>	<u>\$11,543,378</u>	<u>\$11,681,948</u>

**Contractual Commitments**

AWHONN has entered into various letters of agreement for commitments for hotel accommodations for its planned conventions through 2017. 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

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**NOTES TO FINANCIAL STATEMENTS  
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7. Commitments, Risks and Contingencies (continued)

**Contractual Commitments (continued)**

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, 2016, AWHONN's cash exceeded the maximum limit insured by the FDIC or NCUA by approximately \$1,332,000. 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 26% of its revenue and support from two royalty contracts.

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 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, 2016.

AWHONN's combined contributions for these plans totaled \$278,297 for the year ended December 31, 2016.

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

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9. Income Taxes (continued)

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, 2016 was \$8,440 and is recognized as an expense in the accompanying statement of activities. During the year ended December 31, 2016, 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, 2016, 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, 2016, the statute of limitations for tax years 2013 through 2015 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, 2016. 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, 2016, 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, 2015, from which the summarized information was prepared.

11. Subsequent Events

In preparing these financial statements, AWHONN has evaluated events and transactions for potential recognition or disclosure through June 13, 2017, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.

**SUPPLEMENTAL INFORMATION**

**ASSOCIATION OF WOMEN'S HEALTH,  
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**SCHEDULE OF FUNCTIONAL REVENUE  
For the Year Ended December 31, 2016**

	<u>Member Services and Operations</u>	<u>Marketing, Communications and Publications</u>	<u>Business Development</u>	<u>Sections</u>	<u>Finance, Administration and Technology</u>	<u>Nursing, Research, Education and Practice</u>	<u>Total</u>
Dues revenue	\$ 3,896,870	\$ -	\$ 215,000	\$ 284,186	\$ -	\$ -	\$ 4,396,056
Royalties	2,316,096	1,257,213	-	-	-	-	3,573,309
Convention and exhibit fee revenue	5,000	-	1,908,689	550,267	-	79,385	2,543,341
Contributions and contracts	110,000	448,000	310,241	226,994	-	147,828	1,243,063
Inventory sales	274,356	884,180	-	-	-	1,185	1,159,721
Other income	99,709	279,295	32,132	10,766	25,437	-	447,339
Net investment income	-	-	-	141,256	171,521	-	312,777
Label/list rental revenue	18,468	-	3,200	-	-	-	21,668
Consultation and related services	-	-	-	-	-	3,359	3,359
<b>TOTAL REVENUE</b>	<b><u>\$ 6,720,499</u></b>	<b><u>\$ 2,868,688</u></b>	<b><u>\$ 2,469,262</u></b>	<b><u>\$ 1,213,469</u></b>	<b><u>\$ 196,958</u></b>	<b><u>\$ 231,757</u></b>	<b><u>\$ 13,700,633</u></b>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATION OF WOMEN'S HEALTH,  
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**SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2016**

	Program Services				Supporting Services						Total
	Business Development	Marketing, Communications and Publications	Nursing, Research, Education and Practice	Sections	Total Program Services	Member Services and Operations	Finance, Administration and Technology	Human Resources	Executive Office	Total Supporting Services	
Salaries and benefits	\$ 798,800	\$ 1,271,100	\$ 1,502,600	\$ -	\$ 3,572,500	\$ 1,325,800	\$ 1,096,600	\$ 349,400	\$ 489,000	\$ 3,260,800	\$ 6,833,300
Conference	1,032,000	6,200	72,600	683,106	1,793,906	9,200	3,200	-	51,600	64,000	1,857,906
Consultants	96,300	378,600	113,400	-	588,300	137,900	362,500	18,000	20,100	538,500	1,126,800
Rent	112,503	179,021	211,626	-	503,150	186,725	154,445	49,209	68,871	459,250	962,400
Travel	151,500	43,000	65,000	189,190	448,690	36,100	10,100	600	69,100	115,900	564,590
Processing fees	46,327	73,718	87,144	-	207,189	76,890	63,597	20,264	28,360	189,111	396,300
New program contingency	-	-	-	-	-	-	-	368,900	-	368,900	368,900
Dues and subscription	-	6,200	17,700	121,195	145,095	-	105,200	14,700	14,000	133,900	278,995
Depreciation and amortization	26,372	41,965	49,608	-	117,945	43,771	36,198	11,535	16,144	107,648	225,593
Promotion	59,100	142,500	100	-	201,700	33,090	-	-	-	33,090	234,790
Legal	27,202	43,286	51,169	-	121,657	45,149	37,344	11,898	16,652	111,043	232,700
Printing	10,700	89,800	4,000	16,772	121,272	35,600	-	-	-	35,600	156,872
Fellowship and awards	2,400	-	60,000	19,483	81,883	67,100	-	-	2,900	70,000	151,883
Production/publications	38,400	8,500	14,300	-	61,200	88,200	-	-	-	88,200	149,400
Equipment rental and maintenance	14,519	23,103	27,311	-	64,933	24,097	19,931	6,351	8,888	59,267	124,200
Miscellaneous	9,100	38,800	7,700	2,666	58,266	2,000	37,300	14,800	8,300	62,400	120,666
Telephone	68,651	10,952	10,819	75	90,497	9,546	7,895	2,516	3,521	23,478	113,975
Postage and shipping	19,500	29,100	-	3,032	51,632	22,900	35,700	-	-	58,600	110,232
Insurance	11,608	18,471	21,835	-	51,914	19,266	15,937	5,077	7,106	47,386	99,300
Honoraria	40,300	-	56,200	-	96,500	800	-	-	-	800	97,300
Cost of goods sold	-	86,900	-	-	86,900	-	-	-	-	-	86,900
Officers' stipend	-	-	-	-	-	-	-	-	65,000	65,000	65,000
Temporary staff	7,600	-	100	-	7,700	-	-	57,000	-	57,000	64,700
Supplies	100	-	400	6,194	6,694	8,300	42,900	-	1,100	52,300	58,994
Audit	5,260	8,371	9,895	-	23,526	8,731	7,222	2,301	3,220	21,474	45,000
Recruiting fees	-	-	-	-	-	-	-	23,100	-	23,100	23,100
Staff training	-	-	-	-	-	-	-	17,400	-	17,400	17,400
Section activity	-	-	-	12,135	12,135	-	-	-	-	-	12,135
	<u>\$ 2,578,242</u>	<u>\$ 2,499,587</u>	<u>\$ 2,383,507</u>	<u>\$ 1,053,848</u>	<u>\$ 8,515,184</u>	<u>\$ 2,181,165</u>	<u>\$ 2,036,069</u>	<u>\$ 973,051</u>	<u>\$ 873,862</u>	<u>\$ 6,064,147</u>	<u>\$ 14,579,331</u>

The accompanying notes are an integral part of these financial statements.