

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**

**CONSOLIDATED FINANCIAL STATEMENTS,  
SINGLE AUDIT COMPLIANCE REPORTS, AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

DRAFT 9.4.19

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
American Nurses Association, Inc. and Entities  
Silver Spring, Maryland

We have audited the accompanying consolidated financial statements of the American Nurses Association, Inc. and Entities (collectively referred to as "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2018, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of American Academy of Nursing, a controlled affiliate, which reflect total assets of \$6,320,814 and \$6,392,423 as of December 31, 2018 and 2017, respectively, and total revenue and support of \$3,891,864 and \$3,950,910 for the years ended December 31, 2018 and 2017, respectively. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for American Academy of Nursing, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of the American Nurses Foundation, American Nurses Credentialing Center, American Academy of Nursing and the Political Action Committee were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Nurses Association, Inc. and Entities as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 1 to the consolidated financial statements, the Organization adopted new accounting guidance contained in Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Other Information – Schedule of Expenditures of Federal Awards*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of American Nurses Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Nurses Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Nurses Association, Inc.'s internal control over financial reporting and compliance.

### **CliftonLarsonAllen LLP**

Arlington, Virginia  
REPORT DATE

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**  
**(IN THOUSANDS)**

	2018	2017
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 7,391	\$ 6,047
Accounts Receivable:		
Constituent/State Nurses Association, Net of Allowance (\$490 for 2018 and \$490 for 2017)	863	642
Trade, Net of Allowance (\$456 for 2018 and \$152 for 2017)	2,655	2,698
Grants	171	3,335
Total Accounts Receivable	3,689	6,675
Contributions/Pledges Receivable	666	1,000
Inventory, Net	222	220
Prepaid Expenses and Deposits	1,707	1,316
Investments	49,254	44,826
Property and Equipment, Net	11,090	12,334
Investment in LLC	1,000	1,000
Other Investments	59	63
<b>Total Assets</b>	<b>\$ 75,078</b>	<b>\$ 73,481</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Dues Collected on Behalf of Constituent/State Nurses Association	\$ 817	\$ 652
Accounts Payable and Accrued Expenses	3,331	3,220
Accrued Salary, Vacation, Pension Obligation and Related Expenses	11,829	13,133
Deferred Rent	2,935	3,128
Grants Payable	45	40
Deferred Revenue	3,350	4,122
<b>Total Liabilities</b>	<b>22,307</b>	<b>24,295</b>
<b>NET ASSETS</b>		
Net Assets Without Donor Restriction:		
Undesignated	44,850	40,409
Designated	2,383	2,901
Total Net Assets Without Donor Restriction	47,233	43,310
Net Assets With Donor Restriction	5,538	5,876
<b>Total Net Assets</b>	<b>52,771</b>	<b>49,186</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 75,078</b>	<b>\$ 73,481</b>

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(IN THOUSANDS)**

	2018			2017		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
<b>REVENUE</b>						
Membership Dues	\$ 18,667	\$ 137	\$ 18,804	\$ 17,267	\$ 78	\$ 17,345
Products and Services	7,132	17	7,149	5,987	15	6,002
Contributions, Grants and Contracts	2,316	1,704	4,020	3,686	1,780	5,466
Publications Sales	1,918	-	1,918	2,626	-	2,626
Rental Income	484	-	484	436	-	436
Other Income	600	5	605	801	-	801
Investment Income	252	-	252	196	-	196
Conference Fees	15,567	393	15,960	12,589	154	12,743
Credentialing Services and Programs	36,124	-	36,124	32,739	-	32,739
Net Assets Released from Restrictions Satisfaction of						
Program and Time Restrictions	2,366	(2,366)	-	2,154	(2,154)	-
Total Revenue	85,426	(110)	85,316	78,481	(127)	78,354
<b>EXPENSES</b>						
Program Services:						
Membership	7,872	-	7,872	7,145	-	7,145
Certification	12,909	-	12,909	12,995	-	12,995
Recognition Programs	10,085	-	10,085	8,146	-	8,146
Grant Award Programs	2,545	-	2,545	2,851	-	2,851
Programs and Special Initiatives	6,257	-	6,257	6,476	-	6,476
Conferences and Meetings	12,006	-	12,006	12,459	-	12,459
Services and Programs	1,563	-	1,563	1,879	-	1,879
Products and Services	8,654	-	8,654	8,282	-	8,282
Accreditation	1,831	-	1,831	1,488	-	1,488
Contributions to Political Candidates	309	-	309	170	-	170
Total Program Services	64,031	-	64,031	61,891	-	61,891
Supporting Services:						
Governance & General Administration	14,695	-	14,695	16,502	-	16,502
Fundraising	337	-	337	480	-	480
Total Supporting Services	15,032	-	15,032	16,982	-	16,982
Total Expenses	79,063	-	79,063	78,873	-	78,873
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	6,363	(110)	6,253	(392)	(127)	(519)
<b>OTHER ITEMS</b>						
Reserve Investment Earnings	(2,326)	(228)	(2,554)	5,481	547	6,028
Pension Changes Other Than Net Periodic Pension Cost	(114)	-	(114)	(485)	-	(485)
Total Other Items	(2,440)	(228)	(2,668)	4,996	547	5,543
<b>CHANGE IN NET ASSETS</b>	3,923	(338)	3,585	4,604	420	5,024
Net Assets - Beginning of Year	43,310	5,876	49,186	38,706	5,456	44,162
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 47,233</b>	<b>\$ 5,538</b>	<b>\$ 52,771</b>	<b>\$ 43,310</b>	<b>\$ 5,876</b>	<b>\$ 49,186</b>

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS)**  
**(IN THOUSANDS)**

	Program Activities										Supporting Activities		2018 Total Expenses	2017 Total Expenses
	Membership	Certification	Recognition Programs	Grant Award Program	Program & Special Initiatives	Conferences & Meetings	Services & Programs	Products & Services	Accreditation	Contributions to Political Candidates	Governance & General Administration	Fundraising		
Compensation	\$ 1,479	\$ 3,366	\$ 2,274	\$ 288	\$ 2,139	\$ 633	\$ 624	\$ 2,598	\$ 497	\$ -	\$ 7,666	\$ 153	\$ 21,717	\$ 23,865
Fringe Benefits	674	1,695	1,166	117	1,062	275	38	1,202	256	-	3,789	24	10,298	11,091
Temporary Help	98	449	17	132	57	33	-	55	-	-	225	28	1,094	1,617
Professional Fees	2,177	2,204	3,284	395	1,031	1,173	20	953	143	-	4,552	36	15,968	13,029
Travel	58	134	399	63	257	1,438	55	632	275	-	908	14	4,233	4,606
Postage and Fulfillment	348	192	13	1	8	11	-	53	1	-	76	1	704	979
Printing and Advertising	784	634	208	12	111	239	18	632	125	-	564	9	3,336	3,068
Data and Voice Services, and Office Supplies	487	155	32	2	83	504	82	123	1	-	2,034	20	3,523	3,301
Facilities, Equipment, Software and Insurance	23	89	7	5	17	113	81	23	-	-	5,477	16	5,851	4,191
Depreciation	2	-	-	-	-	3	14	-	-	-	3,134	2	3,155	1,897
Dues, Subscription, and Registration Fees	62	71	14	13	122	34	25	19	15	-	480	3	858	1,252
Grant Awards	1	-	-	988	-	6	237	-	-	-	188	-	1,420	1,663
Contributions	10	-	-	-	3	2	-	6	-	309	58	-	388	964
Meeting Expenses	75	6	36	67	31	2,395	338	324	3	-	66	1	3,342	3,020
Interest Expense, Bank and Credit Card Fees	33	388	21	-	-	172	19	26	6	-	1,099	21	1,785	1,806
Other Expense	66	252	56	45	91	100	12	285	42	-	547	9	1,505	2,524
Admin Fee from Other Entities	-	-	-	-	-	2,129	-	-	-	-	(2,129)	-	-	-
G&A Allocation	1,495	3,274	2,558	417	1,245	2,746	-	1,723	467	-	(13,925)	-	-	-
Total Expenses - 2018	7,872	12,909	10,085	2,545	6,257	12,006	1,563	8,654	1,831	309	14,809	337	79,177	
Less: Non-Operating Pension	-	-	-	-	-	-	-	-	-	-	(114)	-	(114)	
Total Expenses per Statement of Activities	\$ 7,872	\$ 12,909	\$ 10,085	\$ 2,545	\$ 6,257	\$ 12,006	\$ 1,563	\$ 8,654	\$ 1,831	\$ 309	\$ 14,695	\$ 337	\$ 79,063	
Total Expenses - 2017	\$ 7,145	\$ 12,995	\$ 8,146	\$ 2,851	\$ 6,476	\$ 12,459	\$ 1,879	\$ 8,282	\$ 1,488	\$ 170	\$ 16,987	\$ 480		79,358
Less: Non-Operating Pension	-	-	-	-	-	-	-	-	-	-	(485)	-		(485)
Total Expenses per Statement of Activities	\$ 7,145	\$ 12,995	\$ 8,146	\$ 2,851	\$ 6,476	\$ 12,459	\$ 1,879	\$ 8,282	\$ 1,488	\$ 170	\$ 16,502	\$ 480		\$ 78,873

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(IN THOUSANDS)**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,585	\$ 5,024
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Bad Debt Expense	334	477
Net Unrealized Loss (Gain) on Investments	4,961	(3,969)
Net Realized Gain on Investments	(584)	(754)
Depreciation and Amortization	3,155	1,884
Loss on Disposal of Furniture and Equipment	-	344
Contributions Restricted for Long-Term Use	(142)	(235)
Change in Assets and Liabilities:		
Accounts Receivable - Constituent/State Nurses Association (C/SNA)	(221)	(9)
Accounts Receivable - Trade	(266)	504
Grants Receivable	3,164	(2,125)
Grants Payable	5	13
Contributions/Pledges Receivable	309	(282)
Inventory	(2)	303
Prepaid Expenses and Deposits	(391)	(340)
Dues Collected on Behalf of C/SNAs	165	66
Accounts Payable and Accrued Expenses	111	(4,310)
Accrued Salary, Vacation and Related Expenses	(1,304)	324
Deferred Revenue	(772)	897
Deferred Rent	(193)	3,128
Net Cash Provided by Operating Activities	<u>11,914</u>	<u>940</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(12,500)	(4,880)
Proceeds from Sales of Investments	3,699	9,258
Purchase of Furniture and Equipment	(1,911)	(3,904)
Net Cash (Used) Provided by Investing Activities	<u>(10,712)</u>	<u>474</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Line of Credit	-	(343)
Contributions Restricted for Long-Term Use	142	235
Net Cash Provided (Used) by Financing Activities	<u>142</u>	<u>(108)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,344	1,306
Cash and Cash Equivalents - Beginning of Year	6,047	4,741
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 7,391</u>	<u>\$ 6,047</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash Paid During the Year for Interest	<u>\$ -</u>	<u>\$ 20</u>

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organizations**

The ***American Nurses Association, Inc.*** (the Association or ANA) is a national professional membership organization for registered nurses. Historically, the Association maintained relationships with its labor organization members and engaged in certain activities reflective of labor organization status. Effective July 2017, the Association filed its terminal Form LM-2 to terminate its status as a labor organization and is therefore now considered only a professional association. The Association was organized to advance and promote the improvement of health and nursing standards, stimulate and promote the professional development of nurses and advance the economic and general welfare of nurses. The Association has nurse members in all 50 states, the District of Columbia and the territories of Guam and the Virgin Islands.

The Association functions as a modified federation. The Association has approximately 209,000 nurse members. The Association's bylaws and the related policy of the Membership Assembly provide that each Constituent/State Nurses Association (C/SNA) support the Association based on a proportionate share of dues income received from individual members. Approximately 38% of membership dues revenue received in both 2018 and 2017 came from the five largest C/SNAs.

The ***American Nurses Foundation, Inc.*** (the Foundation) was established in 1955 as the scientific research, educational and charitable affiliate of the Association. The Foundation's main purpose is to provide grants to support education and research in areas affecting registered nurses, patient care, and health care, generally.

The Board of Trustees of the Foundation is appointed by the Board of Directors of the Association. The two organizations are affiliated through the ANA Board of Directors serving as the Members of the Foundation.

The ***American Nurses Credentialing Center*** (ANCC) was incorporated in 1990 to perform the professional credentialing functions previously performed by the Association. ANCC's mission is to promote and enhance public health by certifying nurses and accrediting organizations using the Association's standards. Additionally, ANCC works towards maintaining and validating nurses' certifications through providing education programs; disseminating information on credentialing programs; and conducting research on various credentialing issues.

The Board of ANCC consists of up to 10 members, 3 of whom are ex-officio, and the remainder are appointed by the Association, therefore requiring consolidated financial statements with the Association.

The ***American Academy of Nursing*** (the Academy) was incorporated in the District of Columbia on December 27, 1999. The Academy's mission is to serve the public and nursing profession by advancing health policy and practice through the generation, synthesis and dissemination of nursing knowledge.

The sole corporate member of the Academy is the Association, thus requiring consolidated financial statements with the Association.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organizations (Continued)**

The *American Nurses Association – Political Action Committee* (the PAC), an unincorporated political action committee organized in 1974, is organized and operates in accordance with the Federal Election Campaign Act of 1971 (as amended). The constitution and bylaws require that the organization be politically nonpartisan and work for the fulfillment of the legislative objectives of the Association, therefore requiring consolidated financial statements with the Association.

The *American Nurses Association – Service Corp* was established in 2005 as the for-profit subsidiary of the American Nurses Association. The Service Corp was inactive during the years ended December 31, 2018 and 2017, and has no carrying equity balance.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Association, the Foundation, ANCC, the Academy, the PAC and the Service Corporation (collectively, the Organization). Significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Adoption of Accounting Standards Update 2014-16**

The Organization has adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. This standard was issued by the Financial Accounting Standards Board (FASB) to improve the previous net asset classification requirements and the information presented in financial statement and notes about a nonprofit entity's liquidity, financial performance, and cash flows. ASU 2014-16 reduces the number of net asset classifications from three to two: with donor restrictions and without donor restrictions. The ASU also requires nonprofits to report expenses by functional and natural classification in one location in the financial statements and requires nonprofits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets. As required by ASU 2014-16, the Organization applied the requirements on a retrospective basis in the year of adoption, except for the presentation of the consolidated statement of functional expenses which is only presented for the current year, as permitted by the ASU.

**Income Tax Status**

The Association and ANCC are exempt from the payment of income taxes under Section 501(c)(6) of the Internal Revenue Code.

The Foundation and the Academy are exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and are each classified as other than a private foundation.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Income Tax Status (Continued)**

The Association, ANCC, Foundation and Academy are all required to report unrelated business income to the Internal Revenue Service and Maryland for ANA, ANCC and ANF. The Academy is required to report unrelated business income to the District of Columbia.

Under the provisions of Section 527 of the Internal Revenue Code, political contributions received by the PAC and used for a political campaign or similar purpose are not includable in the taxable income of the organization. However, the PAC is subject to tax on its net investment income.

The Service Corporation is a for-profit taxable entity.

The Organizations evaluated their tax positions and determined that their positions are more-likely-than-not to be sustained on examination.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Cash and Cash Equivalents**

The Organization considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents. All other highly liquid instruments, which are to be used for the long-term purposes of the Organization, are classified as investments.

**Accounts Receivable**

*Constituent/State Nurses Association (C/SNAs)* – consist of amounts due from the Association's membership dues assessment, which is based on a conversion factor per full dues paying C/SNA member. The factor is applied to the dues collected by C/SNAs for members and effectively adjusts the dues payments for discounts and payment plans.

*Trade* – consists of amounts due from the sale of publications, meeting and conference registrations, sponsorships, sales of advertisements, sales of certification and recertification exams and products, Magnet program merchandise sales, site visits, consultation visits, and related products and other miscellaneous activities.

*Grants* – include amounts due to the Organization for expenses incurred for grant activities but not yet reimbursed.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Accounts Receivable (Continued)**

*Allowance for Doubtful Accounts* – is determined using the allowance method. The allowance is based on certain percentages of aged receivables, which are determined based on management's historical experience and assessment of the general financial conditions affecting the customer base. If actual collections experience changes, revisions to the allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. As of December 31, 2018 and 2017, the Organization believes that the allowance for doubtful accounts is adequate. However, actual future write-offs might exceed the recorded allowance.

**Contributions/Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value and recognized in the period they are pledged. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. For the years ended December 31, 2018 and 2017, a rate of 3.25% was used to calculate the discount. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included until the conditions are substantially met.

**Inventory**

Inventory is composed primarily of books, review course materials, magnet merchandise, items held for resale, pamphlets and other publications. The Organization utilizes a perpetual inventory system to value its inventory using the weighted average cost method of valuation. In addition, management of the Organization has established an allowance for obsolete inventory, which is based on management's analysis and prior experience.

**Investments**

Investments are recorded at fair value. The Organization invests in various securities, including U.S. Government securities, corporate debt securities, equities, and money market funds.

**Property and Equipment**

Property and equipment is stated at cost. Acquisitions greater than \$1,000 are capitalized and then depreciated using the straight-line method over the estimated service lives of the assets (three to ten years). Leasehold improvements are amortized over the lesser of the remaining life of the lease or the estimated useful of the improvements.

**Investment in LLC**

During 2003, 8515 Georgia Avenue Associates, LLC (the Company) was organized. The Association, as a member of the Company, has agreed to jointly own and develop certain real property.

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**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in LLC (Continued)**

The Association contributed \$1,000,000 as its initial capital contribution resulting in a 7% membership interest. The Association shares in the net profits and losses of the Company in accordance with its membership interest.

At December 31, 2018 and 2017, the fair value of the investment in LLC approximates its cost. The Association received a distribution of \$252,000 and \$196,000 for the years ended December 31, 2018 and 2017, respectively. This amount is recorded as investment income in the consolidated statements of activities.

**Fair Value Measurements**

The Organization accounts for its financial instruments as well as certain assets at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability. In accordance with US GAAP, an entity holding investments in certain entities that calculate net asset value (NAV) per share or its equivalent for which the fair value is not readily determinable is permitted to measure the fair value of such investments on the basis of that NAV or its equivalent without adjustment.

Management uses its best judgment in estimating the fair value of the Organization's investments including its consideration of the use of NAV as a practical expedient. There are inherent limitations in any estimation technique. Because the inherent uncertainty of valuation, this estimated fair value may differ from the value that would have been used had a ready market for such investments existed, and the difference could be significant.

The Organization is required by generally accepted accounting principles to categorize its financial instruments based on three-level fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Financial assets recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

***Level 1***

Financial assets whose values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.

***Level 2***

Financial assets whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include among others, quoted prices for similar assets in active market or non-active market.

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**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements (Continued)**

***Level 3***

Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset.

**Other Investments**

Other investments consist of amounts paid to acquire the *Online Journal of Issues in Nursing* publication and are recorded at cost.

**Deferred Revenue**

Deferred revenue consists of dues, event registrations and exhibit fees, appraisal fees, certification fees, and other revenue received in advance of the period to which they relate. Partial payments relating to certification fees are treated as deferred revenue since services are not provided until payment is received in full.

**Net Assets**

To ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, its net assets and revenue have been classified into net asset groups based on the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

*Net Assets Without Donor Restrictions* - Consists of undesignated net assets and designated net assets. Undesignated net assets are funds available for the general operations of the Organization. Designated net assets consist of funds without donor restriction that are designated by the Board of Directors as a strategic investment fund, research and development fund, credentialing research endowment fund, and operating reserves.

*Net Assets With Donor Restrictions* - The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions whose restrictions expire in the same year of receipt are classified as revenues without donor restrictions in the consolidated statements of activities.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
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**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Net Assets (Continued)**

Net assets with donor restrictions also include net assets whose use by the Organization is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to appropriate the income generated in accordance with the provisions of the respective agreements.

**Contributions**

Contributions to the Organization are recorded as with or without donor restriction support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restriction. The Organization recognizes unconditional promises to give in the period they are pledged.

**Revenue Recognition**

Certification revenue is recognized upon receipt, which aligns with the earnings process, with the exception of partial payments. Appraisal Fees for Magnet, Pathway and Accreditation are recognized over the period in which the services are performed. Membership dues revenue, administrative service fee income, other income, products and services revenue and conference registration fees are recognized in the period in which they are earned. Program fees for the Academy's annual conference are recognized in the period that the event occurred. Grants with donor-imposed purpose and/or time restrictions are recorded as support with donor restrictions in the consolidated statement of activities when promised or received. Contracts revenue includes cost-reimbursable contracts that are subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs, and fixed price contracts, which are recognized proportionately over the life of the contract.

**Functional Allocation of Expenses**

The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Cost allocations are used for expenses that benefit the entire organization and for expenses that are time consuming to allocate directly. These include cost from business services, marketing, and other general and administrative costs which include expenses related to technology support, rent and utilities, depreciation, insurance, data processing, general office supplies and telephone among others. Salaries and related expenses are allocated across functions based on management estimates of time and effort. Indirect costs are allocated based on direct cost percentages.

**Measure of Operations**

The Organization considers reserve investment gain (loss) and the pension-related changes other than net periodic pension costs to be items not included in operations.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
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**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Rounding to Thousands**

The Organization presents its consolidated financial statements in thousands and as such aggregation of certain amounts include immaterial rounding differences.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications have had no effect on net assets as previously reported.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through REPORT DATE, the date the consolidated financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Organization's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for general use within one year of the consolidated statement of financial position.

	(In Thousands)	
	2018	2017
Cash and Cash Equivalents	\$ 7,391	\$ 6,047
Accounts Receivable	3,689	6,675
Contributions/Pledges Receivable	666	1,000
Investments	49,254	44,826
	<u>61,000</u>	<u>58,548</u>
Less: Receivables Due Beyond One Year	-	(28)
Less: Investments in Limited Partnerships	(3,243)	(3,292)
Less: Donor-Imposed Restrictions:		
Endowment Gifts	(3,684)	(3,863)
Other Donor Restrictions	(1,854)	(2,013)
Less: Board-Designated Amounts	(2,383)	(2,901)
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 49,836</u>	<u>\$ 46,451</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain financial assets, which consists of cash and short-term investments, on hand to meet two months of normal budget operating expenses, which are on average, approximately \$5,000,000 per month. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments including certificates of deposits, mutual funds, and short-term treasury instruments. The investment portfolio includes amounts invested for long-term purposes. Although the Organization does not intend to do so, amounts from its long-term investments could be made available if necessary.

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**NOTE 3      CONCENTRATION OF CREDIT AND MARKET RISK**

The Organization invests in a variety of investment types. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements. Additionally, at times during the year, the Organization had funds invested with local financial institutions in excess of the Federal Deposit Insurance Corporation limits.

**NOTE 4      CONTRIBUTIONS/PLEDGES RECEIVABLE**

As of December 31, 2018 and 2017, contributions receivable consist of amounts anticipated to be collected within one year of the statement of financial position date. The Organization expects its contributions receivable to be fully realized and consequently did not record an allowance for uncollectible amounts.

**NOTE 5      INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurement to record fair value adjustments to its investments and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Organizations and Summary of Significant Accounting Policies.

Mutual funds are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Certificates of deposit are valued at amortized cost, which approximates fair value. The estimated fair value of the Organization's interests in limited partnerships is based on valuations provided by the external investment managers using the NAV or its equivalent as a practical expedient to determine the fair value of the underlying investments which do not have a readily determinable fair value.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
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**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a summary of the fair value measurements of the Organization's investments within the fair value hierarchy, with a disclosure of the investments measured at NAV to allow reconciliation to the consolidated statements of financial position as of December 31, 2018 and 2017:

2018	(In Thousands)			Total
	Level 1	Level 2	Level 3	
<i>Investments</i>				
Mutual Funds - Equities	\$ 24,137	\$ -	\$ -	\$ 24,137
Mutual Funds - Fixed Income	17,391	-	-	17,391
Mutual Funds - Money Market	523	-	-	523
Certificates of Deposit	-	502	-	502
Mutual Funds - Alternative Investments	3,458	-	-	3,458
<i>Total Investments at Fair Value</i>	<u>\$ 45,509</u>	<u>\$ 502</u>	<u>\$ -</u>	46,011
<i>Investments Measured at NAV</i>				
Limited Partnerships				3,243
<i>Total Investments</i>				<u>\$ 49,254</u>
(In Thousands)				
2017	Level 1	Level 2	Level 3	Total
<i>Investments</i>				
Mutual Funds - Equities	\$ 26,310	\$ -	\$ -	\$ 26,310
Mutual Funds - Fixed Income	13,624	-	-	13,624
Mutual Funds - Money Market	580	-	-	580
Certificates of Deposit	-	500	-	500
Mutual Funds - Alternative Investments	520	-	-	520
<i>Total Investments at Fair Value</i>	<u>\$ 41,034</u>	<u>\$ 500</u>	<u>\$ -</u>	41,534
<i>Investments Measured at NAV</i>				
Limited Partnerships				3,292
<i>Total Investments</i>				<u>\$ 44,826</u>

Reserve investment earnings are reported net of related expenses of approximately \$187,000 and \$178,000 for the years ended December 31, 2018 and 2017, respectively. The following schedule summarizes the reserve investment earnings for the years ended December 31:

	(In Thousands)	
	2018	2017
Investment Earnings, Net	\$ 1,823	\$ 1,305
Realized Gain on Investments	584	754
Unrealized (Loss) Gain on Investments	(4,961)	3,969
<b>Total</b>	<u>\$ (2,554)</u>	<u>\$ 6,028</u>

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
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**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a summary of the fair value measurements within the fair value hierarchy of the investments held by the Organization's defined benefit plan, with a disclosure of the investments measured at NAV to allow reconciliation to the total plan assets disclosed in Note 10 within the plan's funded status disclosure as of December 31, 2018 and 2017:

	(In Thousands)			
2018	Level 1	Level 2	Level 3	Total
<i>Defined Benefit Plan Assets</i>				
Money Market Funds	\$ 989	\$ -	\$ -	\$ 989
Equity Securities	6,790	-	-	6,790
Debt Securities	-	-	1,659	1,659
Equity Mutual Funds	5,321	-	-	5,321
Debt Mutual Funds	7,208	-	-	7,208
Other Mutual Funds	512			512
<i>Total Plan Assets at Fair Value</i>	<u>\$ 20,820</u>	<u>\$ -</u>	<u>\$ 1,659</u>	22,479
<i>Plan Assets Measured at NAV</i>				
Other Assets				391
<i>Total Plan Assets</i>				<u>\$ 22,870</u>
	(In Thousands)			
2017	Level 1	Level 2	Level 3	Total
<i>Defined Benefit Plan Assets</i>				
Money Market Funds	\$ 716	\$ -	\$ -	\$ 716
Equity Securities	7,527	-	-	7,527
Debt Securities	-	-	1,808	1,808
Equity Mutual Funds	6,519	-	-	6,519
Debt Mutual Funds	7,399	-	-	7,399
<i>Total Defined Benefit Plan Assets</i>	<u>\$ 22,161</u>	<u>\$ -</u>	<u>\$ 1,808</u>	23,969
<i>Plan Assets Measured at NAV</i>				
Other Assets				486
<i>Total Plan Assets</i>				<u>\$ 24,455</u>

In accordance with ASC subtopic 820-10, certain investments are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. Investments in hedge funds consist of tiered partnerships recorded at fair value based on the market approach.

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**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Investments measured at NAV by major category are as follows:

2018 (In Thousands)				
	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Rockefeller:				
Balanced Fund LP	\$ 2,718	\$ -	Quarterly	5 days
Libra Fund LP (Equities)	525	-	Monthly	5 days
	\$ 3,243			
2017 (In Thousands)				
	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Rockefeller:				
Balanced Fund LP	\$ 2,736	\$ -	Quarterly	5 days
Libra Fund LP (Equities)	556	\$ -	Monthly	5 days
	\$ 3,292			

Defined benefit plan assets measured at NAV by major category are as follows:

2018 (In Thousands)				
	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Multi-Strategy LP	\$ 391	\$ -	Monthly	Monthly
2017 (In Thousands)				
	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Multi-Strategy LP	\$ 486	\$ -	Monthly	Monthly

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
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**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets**

Debt securities in the defined benefit plan consist of a general investment account consisting primarily of fixed income securities which are maintained at book value. A market value adjustment is estimated annually based on the current market value of transferrable funds. The following table provides a summary of changes in the Organization's Level 3 assets for the years ended December 2018 and 2017:

	(In Thousands)	
	2018	2017
Beginning Balance, January 1	\$ 1,808	\$ 1,808
Interest Credited	71	76
Market Adjustment	(118)	34
Purchases, Issuances and Settlements, Net	(102)	(110)
Ending Balance, December 31	<u>\$ 1,659</u>	<u>\$ 1,808</u>

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	2018	2017
Property and Equipment	\$ 20,983	\$ 14,670
Leasehold Improvements	5,233	5,297
Work in Progress	1,470	5,811
Total	27,686	25,778
Less: Accumulated Depreciation and Amortization	(16,596)	(13,444)
Total	<u>\$ 11,090</u>	<u>\$ 12,334</u>

**NOTE 7 LINE OF CREDIT**

In July 2007, the Association purchased a condominium in downtown Silver Spring, Maryland. The financing for the condo is a 10-year line of credit through Merrill Lynch. Monthly payments of principal and interest are made on the line of credit. The interest rate is equal to the London Interbank Offered Rate (LIBOR) plus 1.5%. The line of credit is collateralized by the investments held at Merrill Lynch. The outstanding balance was paid off in full as of December 31, 2017, when the condominium was sold.

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

The composition of net assets with donor restrictions is as follows as of December 31:

	(In Thousands)	
	2018	2017
<i>Subject to expenditure for specific purpose:</i>		
AAN Programs-Restricted Funds	\$ 499	\$ 472
Foundation Programs-Restricted Funds	1,085	1,259
ANA Nursing Scholarships and Special Awards	270	282
	1,854	2,013
<i>Subject to spending policy and appropriation:</i>		
Original Donor-Restricted Gifts Required to be Maintained in Perpetuity	2,539	2,397
Accumulated Endowment Earnings	1,145	1,466
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 5,538</b>	<b>\$ 5,876</b>

Net assets with donor restrictions were released from restriction as follows for the years ended December 31:

	(In Thousands)	
	2018	2017
<i>Purpose Restrictions Accomplished:</i>		
AAN Programs-Restricted Funds	\$ 868	\$ 711
Foundation Programs-Restricted Funds	1,472	1,142
	2,340	1,853
Release of Appropriated Endowment Amounts With Purpose Restriction	26	301
	<b>\$ 2,366</b>	<b>\$ 2,154</b>

**NOTE 9 ENDOWMENTS**

Endowments consist of both donor-restricted endowments and board designated quasi-endowment fund. Donor-restricted endowment funds were established for scholarship purposes, and are comprised of funds that the Organization must hold in perpetuity, pursuant to express donor stipulation, as well as the accumulated unspent earnings on those funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions, and thus the donor-restricted endowment funds are classified as net assets with donor restrictions. Funds designated for the quasi-endowment fund are without donor restriction and are available for expenditure for any purpose authorized by the Board.

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**NOTE 9      ENDOWMENTS (CONTINUED)**

**Uniform Prudent Management of Institutional Funds Act**

The endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, all unappropriated endowment fund assets are considered restricted. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the permanent endowment, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The unspent earnings are available for expenditure in subsequent years following appropriation by the Organization's Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA to support activities as specified by the donor.

The Organization's endowment investment policy is focused on preservation of capital and amounts are invested in equities, corporate and government bonds, and money market funds.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy approved by the Board of Trustees, the endowment assets are invested in a manner with long term orientation and without undue exposure to risk. The Organization's objective is to generate total investment returns that exceed the US Consumer Price Index by five percent (5%) and that average rates of investment returns shall approximate seven to nine percent annually. Actual experience in any given year may vary from this amount.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

Spending rate policy will be five percent (5%). Over the long-term, the Organization expects to allow its endowment to grow annually, consistent with the Organization's objectives to maintain the purchasing power of the endowment assets held in-perpetuity and to provide additional real growth through new contributions and investment returns.

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**NOTE 9 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends) utilizing a strategy of fixed income, equities and cash equivalents in a mix conducive to participation in rising markets and allowing for protection in falling markets within prudent risk constraints. In addition, the Organization utilizes the services of experienced investment managers to achieve its objectives.

The following is a summary of endowment funds for the years ended December 31, 2018 and 2017:

	(In Thousands)		
	Without	With	Total
	Restrictions	Restrictions	
Endowment Net Assets, January 1, 2017	\$ -	\$ 3,640	\$ 3,640
Investment Return	56	534	590
Contributions	53	331	384
Appropriations	-	(301)	(301)
Net Asset Reclassification	341	(341)	-
Endowment Net Assets, December 31, 2017	450	3,863	4,313
Investment Return	(15)	(131)	(146)
Contributions	-	142	142
Appropriations	(26)	(190)	(216)
Endowment Net Assets, December 31, 2018	\$ 409	\$ 3,684	\$ 4,093

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations. The Organization had no deficiencies of this nature as of December 31, 2018 and 2017.

**NOTE 10 RETIREMENT BENEFITS**

**Defined Contribution Plan**

The Association sponsors a defined contribution salary deferral 401(k) plan available to all full-time employees. The Association contributed 4% of annual pay and matched 100% of the first 2% of the participant's contribution and an additional 50% of the second 2% of the participant's contribution. Contributions made by the Association for the years ended December 31, 2018 and 2017, amounted to \$1,601,720 and \$1,740,311, respectively.

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**NOTE 10 RETIREMENT BENEFITS (CONTINUED)**

**Defined Contribution Plan (Continued)**

Effective January 1, 2008, the Academy established a 401(k) tax deferred retirement plan for the benefit of its employees. The plan covers all eligible employees, as defined. Plan participants may make voluntary salary reduction contributions up to the maximum amount allowed. Employer contributions are a 100% match up to 3% and a 50% match up to 5% of the employee's salary. Pension expense related to this plan totaled \$32,335 and \$31,684 for the years ended December 31, 2018 and 2017, respectively.

**Defined Benefit Plan**

The Association sponsors a noncontributory, defined benefit pension plan that covers eligible employees, inclusive of affiliated entity employees. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service and compensation rates near retirement. The Association froze the defined benefit plan as of March 31, 2012, after which eligible employees ceased accruing benefits. Effective April 1, 2012, no new participants can be admitted to the frozen plan. Contributions to the plan reflect benefits attributed to employees' services to date. Plan assets consist primarily of equity securities, equity mutual funds and debt mutual funds.

The Association's policy is to fund at least the minimum funding required by the Employee Retirement Plan Income Security Act of 1974. Projected contributions for 2019 are \$450,000. In May 1998, upon dissolution of American Journal of Nursing (AJN), AJN's plan assets and liabilities were transferred to the Association and, therefore, are included in the following tables.

The measurement dates used for the plan are as of and for the years ended December 31, 2018 and 2017. The following tables set forth the plan's funded status and amounts recognized in the consolidated financial statements as of and for the years ended December 31:

	(In Thousands)	
	2018	2017
<b>Accumulated Benefit Obligation</b>	\$ 32,810	\$ 35,720
	2018	2017
Benefit Obligation at December 31	\$ (32,810)	\$ (35,720)
Fair Value of Plan Assets at December 31	22,870	24,455
Funded Status**	<u>\$ (9,940)</u>	<u>\$ (11,265)</u>

\*\*Funded status amount (obligation) is included in accrued salary, vacation, and related expenses in the accompanying consolidated statements of financial position.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
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**NOTE 10 RETIREMENT BENEFITS (CONTINUED)**

**Defined Benefit Plan (Continued)**

	(In Thousands)	
	2018	2017
<b>Change in Benefit Obligation</b>		
Balance - Beginning of Year	\$ 35,720	\$ 33,579
Interest Cost	1,152	1,171
Benefits Paid	(1,669)	(1,555)
Actuarial (Loss) Gain	(2,393)	2,525
Balance - End of Year	<u>\$ 32,810</u>	<u>\$ 35,720</u>
<b>Change in Plan Assets</b>		
Balance - Beginning of Year	\$ 24,455	\$ 22,198
Actual Return on Plan Assets	(1,402)	3,013
Employer Contributions	1,486	799
Benefits Paid	(1,669)	(1,555)
Balance - End of Year	<u>\$ 22,870</u>	<u>\$ 24,455</u>
<b>Pension-Related Changes Other Than Net Periodic Pension Cost:</b>		
Net Loss During the Year	\$ 575	\$ 916
Amortization of Prior Service Credit	(11)	(11)
Amortization of Net Loss	(450)	(420)
Total	<u>\$ 114</u>	<u>\$ 485</u>
<b>Net Periodic Pension Costs Consist of:</b>		
Interest Costs	\$ 1,153	\$ 1,171
Expected Return on Plan Assets	(1,567)	(1,404)
Amortization of Prior Service Costs	11	11
Amortization of Net Loss	450	420
Total	<u>\$ 47</u>	<u>\$ 198</u>

The following weighted-average assumptions were used to determine net periodic benefit cost for the year ended December 31:

	2018	2017
Discount Rate	3.68%	4.28%
Rate of Compensation Increase	Not Applicable	Not Applicable
Expected Return on Assets	6.50%	6.50%

The following weighted-average assumptions were used to determine benefit obligation for the year ended December 31:

	2018	2017
Discount Rate	4.36%	3.68%
Rate of Compensation Increase	Not Applicable	Not Applicable
Measurement Date	12/31/2018	12/31/2017

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 10 RETIREMENT BENEFITS (CONTINUED)**

**Defined Benefit Plan (Continued)**

The expected long-term rate of return on plan assets assumption was determined based on current investment policy, historical returns and prospective expected returns for each asset class in the portfolio.

The components of the plan assets are disclosed in Note 5. A portion of the investments should be in a cash fund to cover lump sum payments and the expected monthly benefit payments. The target allocation percentages are as follows:

Equity	46%
Debt	45%
Alternative Investments	9%
Total	100%

Estimated future benefits expected to be paid from the plan are as follows:

Year Ending December 31,	(In Thousands)
2019	\$ 2,006
2020	2,001
2021	2,037
2022	2,036
2023	2,060
2024 to 2028	10,441

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Operating Leases**

The Association leases office space for its headquarters to Silver Spring, Maryland under the terms of a noncancellable lease agreement that expires on October 31, 2024. The lease agreement contains an escalation provision that increases the annual base rent per year and provided a tenant improvement allowance. In addition, during February 2015, the Association entered into another office lease agreement with amendments that expire on May 31, 2022. The lease agreement contains an escalation provision that increases the annual base rent per year.

The annual rent increase and tenant improvement allowance provided in these agreements are being amortized over the life of the lease, and as a result, the Association is recognizing rent expense on a straight-line basis over the lease term. The unamortized portion resulting from the difference between the amounts paid and expensed make up the deferred rent obligation and is included within accounts payable and accrued expenses on the consolidated statements of financial position.

Through 2017, rent for the Silver Spring office lease was allocated among the Association, ANCC and the Foundation based on the square footage occupied by each entity. Effective 2018, rent expense is allocated only between the Association and ANCC using the same basis as previously.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Operating Leases (continued)**

In August 2015, the Academy extended its current office lease for a period of five years and six months with a new lease term starting on December 1, 2015 and ending May 31, 2021. The base monthly rent starting on December 1, 2015, is \$15,570 with a 2.5% annual increase. An allowance of up to \$173,800 is allowed for improvements to the property and the purchase of certain furniture and equipment. The Academy also pays its proportionate share of operating expenses and real estate taxes.

Future minimum rental payments under the lease agreements are as follows:

Year Ending December 31,	(In Thousands)
2019	\$ 3,821
2020	3,926
2021	3,928
2022	3,886
2023	3,950
Thereafter	3,366
Total	<u>\$ 22,877</u>

Rental expense under these leases was approximately \$3,710,000 and \$3,636,000 for the years ended December 31, 2018 and 2017, respectively.

**Sublease Agreement**

The Association entered into a non-cancelable operating sublease agreement with RLJ Entertainment, Inc. to sublet office space in the Association's Silver Spring, MD headquarters building. The sublease term was effective as of November 16, 2013 and expires on November 15, 2020. The lease agreement contains an escalation provision that increases the annual base rent per year.

The following is a schedule by years of future minimum rentals under the sublease at December 31, 2018:

Year Ending December 31,	(In Thousands)
2019	\$ 410
2020	368
Total	<u>\$ 778</u>

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 11    COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Employment Contracts**

During 1994, most non-managerial employees of the Association formed the Association Staff Union (ASU). The contract was renegotiated in February 2015 and expired in February 2018. A new contract was negotiated and ratified in 2018. Terminated employees were entitled to at least four weeks of compensation, as well as two to four months of health coverage. Under the new contract, severance compensation is based on length of service and ranges from two to twenty weeks, and health coverage is also based on length of service and ranges from two to four months.

The Association has an agreement with the Chief Executive Officer regarding employment. Under the terms of the agreement, the executive is entitled to severance pay, including benefits, in the event of termination of employment, depending on the length of the notice period, subject to certain unique criteria defined in the employment agreements.

**Hotel Commitments**

The Organization has entered into agreements with hotels for room accommodations and other functions for its meetings to be held subsequent to December 31, 2018. These agreements contain clauses whereby the Organization may be liable for liquidated damages in the event of cancellation. At December 31, 2018, the maximum potential amount of liquidated damages approximated \$2,957,000. Currently, the Organization has no plans to cancel conferences or meetings that would occur in the future and result in liquidated damages.

**Welfare Benefit Plan**

The Association maintains a partially self-insured, self-funded employee welfare benefit plan. The Association is responsible for claims up to \$100,000 per member annually and aggregate claims up to \$2,538,431 annually.

Retirees with more than fifteen years of service are eligible to continue participating in the plan with full premium costs borne by them, not the Association.

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services - Direct Funding</b>				
Minority Fellowship Program, Clinical Training Grant in Nursing	93.243	N/A	\$ -	\$ 593,297
Minority Fellowship Program at the American Nurses Association:				
Increasing the Behavioral Health Nurse Workforce	93.243	N/A	-	685,448
Total Department of Health and Human Services Direct Programs			-	1,278,745
Total Expenditures of Federal Awards			\$ -	\$ 1,278,745

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**AMERICAN NURSES ASSOCIATION, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of American Nurses Association, Inc. under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of American Nurses Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of American Nurses Association, Inc.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

American Nurses Association, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
American Nurses Association, Inc.  
Silver Spring, Maryland

We have audited the consolidated financial statements of American Nurses Association, Inc. and Entities (the Organization), which comprise the consolidated statement of financial position as of December 31, 2018, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE. The financial statements of the American Nurses Foundation, American Nurses Credentialing Center, American Academy of Nursing and the Political Action Committee were not audited in accordance with *Government Auditing Standards* and accordingly does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the American Nurses Foundation, American Nurses Credentialing Center, American Academy of Nursing and the Political Action Committee.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Board of Directors  
American Nurses Association, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

### **CliftonLarsonAllen LLP**

Arlington, Virginia  
REPORT DATE

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
American Nurses Association, Inc.  
Arlington, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the American Nurses Association, Inc.'s (the Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended December 31, 2018. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

### **Report on Internal Control Over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **CliftonLarsonAllen LLP**

Arlington, Virginia  
REPORT DATE

**AMERICAN NURSES ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes         x    no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes         x    none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes         x    no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes         x    no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes         x    none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes         x    no

**Identification of Major Federal Programs**

**CFDA Number(s)**

93.243

**Name of Federal Program or Cluster**

Minority Fellowship Program, Clinical Training Grant in Nursing

Dollar threshold used to distinguish between Type A and Type B programs:

\$    750,000   

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes         x    no

**AMERICAN NURSES ASSOCIATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

Board of Directors  
American Nurses Association, Inc. and Entities  
Silver Spring, Maryland

We have audited the consolidated financial statements of the American Nurses Association, Inc. and Entities as of and for the years ended December 31, 2018 and 2017, and our report thereon dated REPORT DATE, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We did not apply audit procedures on supplementary information related to the American Academy of Nursing as of and for the years ended December 31, 2018 and 2017. In our opinion, the consolidating information, which in so far relates to the American Academy of Nursing is based on reports of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**CliftonLarsonAllen LLP**

Arlington, Virginia  
REPORT DATE

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**  
(See Independent Auditors' Report on Supplementary Information)  
(In Thousands)

	American Nurses Association	American Nurses Foundation	American Academy of Nursing	American Nurses Credentialing Center	ANA Political Action Committee		Consolidated Total
						Eliminations	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 3,357	\$ 1,064	\$ 2,069	\$ 750	\$ 151	\$ -	\$ 7,391
Accounts Receivable:							
Constituent/State Nurses Association, Net of Allowance of \$490	863	-	-	-	-	-	863
Trade, Net of Allowance of \$456	663	-	49	1,943	-	-	2,655
Grants	62	-	109	-	-	-	171
Total Accounts Receivable	1,588	-	158	1,943	-	-	3,689
Contributions/Pledges Receivable	-	719	-	-	-	(53)	666
Inventory, Net	207	-	15	-	-	-	222
Prepaid Expenses and Deposits	1,385	1	64	257	-	-	1,707
Investments	25,580	5,379	3,920	14,375	-	-	49,254
Property and Equipment, Net	5,638	1	94	5,357	-	-	11,090
Investment in LLC	1,000	-	-	-	-	-	1,000
Due from Related Organizations	7,627	239	-	9,198	-	(17,064)	-
Other Investments	59	-	-	-	-	-	59
<b>Total Assets</b>	<b>\$ 46,441</b>	<b>\$ 7,403</b>	<b>\$ 6,320</b>	<b>\$ 31,880</b>	<b>\$ 151</b>	<b>\$ (17,117)</b>	<b>\$ 75,078</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES</b>							
Dues Collected on Behalf of Constituent/State Nurses Association	\$ 817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 817
Accounts Payable and Accrued Expenses	1,889	13	63	1,419	-	(53)	3,331
Accrued Salary, Vacation, Pension Obligation and Related Expenses	11,829	-	-	-	-	-	11,829
Grants Payable	-	45	-	-	-	-	45
Due to Related Organizations	9,388	2,258	-	5,418	-	(17,064)	-
Deferred Rent	2,831	-	104	-	-	-	2,935
Deferred Revenue	2,129	51	520	650	-	-	3,350
<b>Total Liabilities</b>	<b>28,883</b>	<b>2,367</b>	<b>687</b>	<b>7,487</b>	<b>-</b>	<b>(17,117)</b>	<b>22,307</b>
<b>NET ASSETS</b>							
Net Assets Without Donor Restriction:							
Undesignated	16,622	(108)	4,582	23,603	151	-	44,850
Designated	632	409	552	790	-	-	2,383
Total Net Assets Without Donor Restriction	17,254	301	5,134	24,393	151	-	47,233
Net Assets With Donor Restriction	304	4,735	499	-	-	-	5,538
Total Net Assets	17,558	5,036	5,633	24,393	151	-	52,771
<b>Total Liabilities and Net Assets</b>	<b>\$ 46,441</b>	<b>\$ 7,403</b>	<b>\$ 6,320</b>	<b>\$ 31,880</b>	<b>\$ 151</b>	<b>\$ (17,117)</b>	<b>\$ 75,078</b>

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
(See Independent Auditors' Report on Supplementary Information)  
(In Thousands)

	American Nurses Association	American Nurses Foundation	American Academy of Nursing	American Nurses Credentialing Center	ANA Political Action Committee	Eliminations	Consolidated Total
<b>ASSETS</b>							
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 1,923	\$ 450	\$ 1,949	\$ 1,519	\$ 206	\$ -	\$ 6,047
Accounts Receivable:							
Constituent/State Nurses Association, Net of Allowance of \$490	642	-	-	-	-	-	642
Trade, Net of Allowance of \$152	1,046	-	45	1,607	-	-	2,698
Grants	3,305	-	30	-	-	-	3,335
Total Accounts Receivable	4,993	-	75	1,607	-	-	6,675
Contributions/Pledges Receivable	-	1,000	-	-	-	-	1,000
Inventory, Net	203	-	17	-	-	-	220
Prepaid Expenses and Deposits	996	2	65	253	-	-	1,316
Investments	27,735	5,621	4,158	7,312	-	-	44,826
Property and Equipment, Net	9,495	2	128	2,709	-	-	12,334
Investment in LLC	1,000	-	-	-	-	-	1,000
Due from Related Organizations	1,642	-	-	7,703	-	(9,345)	-
Other Investments	63	-	-	-	-	-	63
<b>Total Assets</b>	<b>\$ 48,050</b>	<b>\$ 7,075</b>	<b>\$ 6,392</b>	<b>\$ 21,103</b>	<b>\$ 206</b>	<b>\$ (9,345)</b>	<b>\$ 73,481</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES</b>							
Dues Collected on Behalf of Constituent/State Nurses Association	\$ 652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 652
Accounts Payable and Accrued Expenses	1,821	(10)	119	1,290	-	-	3,220
Accrued Salary, Vacation, Pension Obligation and Related Expenses	13,133	-	-	-	-	-	13,133
Grants Payable	-	40	-	-	-	-	40
Due to Related Organizations	7,705	1,472	-	168	-	(9,345)	-
Deferred Rent	2,992	-	136	-	-	-	3,128
Deferred Revenue	2,575	-	584	963	-	-	4,122
<b>Total Liabilities</b>	<b>28,878</b>	<b>1,502</b>	<b>839</b>	<b>2,421</b>	<b>-</b>	<b>(9,345)</b>	<b>24,295</b>
<b>NET ASSETS</b>							
Net Assets Without Donor Restriction:							
Undesignated	17,647	34	4,630	17,892	206	-	40,409
Designated	1,209	451	451	790	-	-	2,901
Total Net Assets Without Donor Restriction	18,856	485	5,081	18,682	206	-	43,310
Net Assets With Donor Restriction	316	5,088	472	-	-	-	5,876
Total Net Assets	19,172	5,573	5,553	18,682	206	-	49,186
<b>Total Liabilities and Net Assets</b>	<b>\$ 48,050</b>	<b>\$ 7,075</b>	<b>\$ 6,392</b>	<b>\$ 21,103</b>	<b>\$ 206</b>	<b>\$ (9,345)</b>	<b>\$ 73,481</b>

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**  
(See Independent Auditors' Report on Supplementary Information)  
(In Thousands)

	American Nurses Association			American Nurses Foundation			American Academy of Nursing			American Nurses Credentialing Center	ANA Political Action Committee	Eliminations	Total		Consolidated Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions		
<b>REVENUE</b>																
Membership Dues	\$ 17,387	\$ -	\$ 17,387	\$ -	\$ -	\$ -	\$ 1,280	\$ 137	\$ 1,417	\$ -	\$ -	\$ -	\$ -	\$ 18,667	\$ 137	\$ 18,804
Products and Services	1,867	-	1,867	72	-	72	297	17	314	4,896	-	-	-	7,132	17	7,149
Contributions, Grants and Contracts	2,403	-	2,403	387	1,361	1,748	207	343	550	-	254	(935)	-	2,316	1,704	4,020
Publications Sales	1,802	-	1,802	-	-	-	-	-	-	116	-	-	-	1,918	-	1,918
Rental Income	484	-	484	-	-	-	-	-	-	-	-	-	-	484	-	484
Other Income	294	-	294	54	-	54	132	5	137	-	120	-	-	600	5	605
Investment Income	252	-	252	-	-	-	-	-	-	-	-	-	-	252	-	252
Conference Fees	2,821	-	2,821	-	-	-	1,304	393	1,697	-	-	-	-	15,567	393	15,960
Fees	-	-	-	-	-	-	-	-	-	36,124	-	-	-	36,124	-	36,124
Net Assets Released from Restrictions Satisfaction of Program and Time Restrictions	-	-	-	1,498	(1,498)	-	868	(868)	-	-	-	-	-	2,366	(2,366)	-
<b>Total Revenue</b>	<b>27,310</b>	<b>-</b>	<b>27,310</b>	<b>2,011</b>	<b>(137)</b>	<b>1,874</b>	<b>4,088</b>	<b>27</b>	<b>4,115</b>	<b>52,698</b>	<b>254</b>	<b>(935)</b>	<b>-</b>	<b>85,426</b>	<b>(110)</b>	<b>85,316</b>
<b>EXPENSES</b>																
Program Services:																
Membership	7,511	-	7,511	-	-	-	361	-	361	-	-	-	-	7,872	-	7,872
Certification	-	-	-	-	-	-	-	-	-	12,909	-	-	-	12,909	-	12,909
Recognition Programs	-	-	-	-	-	-	-	-	-	10,085	-	-	-	10,085	-	10,085
Grant Award Programs	2,098	-	2,098	462	-	462	-	-	-	-	-	(15)	-	2,545	-	2,545
Programs and Special Initiatives	6,257	-	6,257	-	-	-	-	-	-	-	-	-	-	6,257	-	6,257
Conferences and Meetings	-	-	-	-	-	-	1,194	-	1,194	10,812	-	-	-	12,006	-	12,006
Services and Programs	-	-	-	1,120	-	1,120	1,331	-	1,331	-	-	(888)	-	1,563	-	1,563
Products and Services	8,654	-	8,654	-	-	-	-	-	-	-	-	-	-	8,654	-	8,654
Accreditation	-	-	-	-	-	-	-	-	-	1,831	-	-	-	1,831	-	1,831
Contributions to Political Candidates	-	-	-	-	-	-	-	-	-	-	309	-	-	309	-	309
<b>Total Program Services</b>	<b>24,520</b>	<b>-</b>	<b>24,520</b>	<b>1,582</b>	<b>-</b>	<b>1,582</b>	<b>2,886</b>	<b>-</b>	<b>2,886</b>	<b>35,637</b>	<b>309</b>	<b>(903)</b>	<b>-</b>	<b>64,031</b>	<b>-</b>	<b>64,031</b>
Supporting Services:																
Governance & General Administration	11,860	-	11,860	412	-	412	764	-	764	1,691	-	(32)	-	14,695	-	14,695
Fundraising	-	-	-	175	-	175	162	-	162	-	-	-	-	337	-	337
<b>Total Supporting Services</b>	<b>11,860</b>	<b>-</b>	<b>11,860</b>	<b>587</b>	<b>-</b>	<b>587</b>	<b>926</b>	<b>-</b>	<b>926</b>	<b>1,691</b>	<b>-</b>	<b>(32)</b>	<b>-</b>	<b>15,032</b>	<b>-</b>	<b>15,032</b>
<b>Total Expenses</b>	<b>36,380</b>	<b>-</b>	<b>36,380</b>	<b>2,169</b>	<b>-</b>	<b>2,169</b>	<b>3,812</b>	<b>-</b>	<b>3,812</b>	<b>37,328</b>	<b>309</b>	<b>(935)</b>	<b>-</b>	<b>79,063</b>	<b>-</b>	<b>79,063</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(9,070)</b>	<b>-</b>	<b>(9,070)</b>	<b>(158)</b>	<b>(137)</b>	<b>(295)</b>	<b>276</b>	<b>27</b>	<b>303</b>	<b>15,370</b>	<b>(55)</b>	<b>-</b>	<b>-</b>	<b>6,363</b>	<b>(110)</b>	<b>6,253</b>
<b>OTHER ITEMS</b>																
Reserve Investment Earnings	(1,141)	(12)	(1,153)	(26)	(216)	(242)	(223)	-	(223)	(936)	-	-	-	(2,326)	(228)	(2,554)
Pension-Related Changes Other Than Net Periodic Pension Cost	(114)	-	(114)	-	-	-	-	-	-	-	-	-	-	(114)	-	(114)
Distribution from ANCC	8,723	-	8,723	-	-	-	-	-	-	(8,723)	-	-	-	-	-	-
<b>Total Other Items</b>	<b>7,468</b>	<b>(12)</b>	<b>7,456</b>	<b>(26)</b>	<b>(216)</b>	<b>(242)</b>	<b>(223)</b>	<b>-</b>	<b>(223)</b>	<b>(9,659)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,440)</b>	<b>(228)</b>	<b>(2,668)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,602)</b>	<b>(12)</b>	<b>(1,614)</b>	<b>(184)</b>	<b>(353)</b>	<b>(537)</b>	<b>53</b>	<b>27</b>	<b>80</b>	<b>5,711</b>	<b>(55)</b>	<b>-</b>	<b>-</b>	<b>3,923</b>	<b>(338)</b>	<b>3,585</b>
Net Assets - January 1, 2018	18,856	316	19,172	485	5,088	5,573	5,081	472	5,553	18,682	206	-	-	43,310	5,876	49,186
<b>NET ASSETS - DECEMBER 31, 2018</b>	<b>\$ 17,254</b>	<b>\$ 304</b>	<b>\$ 17,558</b>	<b>\$ 301</b>	<b>\$ 4,735</b>	<b>\$ 5,036</b>	<b>\$ 5,134</b>	<b>\$ 499</b>	<b>\$ 5,633</b>	<b>\$ 24,393</b>	<b>\$ 151</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,233</b>	<b>\$ 5,538</b>	<b>\$ 52,771</b>

**AMERICAN NURSES ASSOCIATION, INC. AND ENTITIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**  
(See Independent Auditors' Report on Supplementary Information)  
(In Thousands)

	American Nurses Association			American Nurses Foundation			American Academy of Nursing			American Nurses Credentiaing Center	ANA Political Action Committee	Eliminations	Total		Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
<b>REVENUE</b>															
Membership Dues	\$ 16,057	\$ -	\$ 16,057	\$ -	\$ -	\$ -	\$ 1,210	\$ 78	\$ 1,288	\$ -	\$ -	\$ -	\$ 17,267	\$ 78	\$ 17,345
Products and Services	2,344	-	2,344	66	-	66	243	15	258	3,436	-	(102)	5,987	15	6,002
Contributions, Grants and Contracts	3,066	-	3,066	856	1,483	2,339	196	297	493	-	264	(696)	3,686	1,780	5,466
Publications Sales	2,220	-	2,220	-	-	-	-	-	-	406	-	-	2,626	-	2,626
Rental Income	436	-	436	-	-	-	-	-	-	-	-	-	436	-	436
Other Income	494	-	494	18	-	18	109	-	109	180	-	-	801	-	801
Investment Income	196	-	196	-	-	-	-	-	-	-	-	-	196	-	196
Conference Fees	3,059	-	3,059	-	-	-	1,084	154	1,238	8,446	-	-	12,589	154	12,743
Credentialing Services and Programs	-	-	-	-	-	-	-	-	-	32,739	-	-	32,739	-	32,739
Net Assets Released from Restrictions Satisfaction of Program and Time Restrictions	-	-	-	1,443	(1,443)	-	711	(711)	-	-	-	-	2,154	(2,154)	-
<b>Total Revenue</b>	<b>27,872</b>	<b>-</b>	<b>27,872</b>	<b>2,383</b>	<b>40</b>	<b>2,423</b>	<b>3,553</b>	<b>(167)</b>	<b>3,386</b>	<b>45,207</b>	<b>264</b>	<b>(798)</b>	<b>78,481</b>	<b>(127)</b>	<b>78,354</b>
<b>EXPENSES</b>															
Program Services:															
Membership	7,145	-	7,145	-	-	-	-	-	-	-	-	-	7,145	-	7,145
Certification	-	-	-	-	-	-	-	-	-	12,995	-	-	12,995	-	12,995
Recognition Programs	-	-	-	-	-	-	-	-	-	8,421	-	(275)	8,146	-	8,146
Grant Award Programs	2,303	-	2,303	548	-	548	-	-	-	-	-	-	2,851	-	2,851
Programs and Special Initiatives	6,476	-	6,476	-	-	-	-	-	-	-	-	-	6,476	-	6,476
Conferences and Meetings	-	-	-	-	-	-	1,075	-	1,075	11,384	-	-	12,459	-	12,459
Services and Programs	-	-	-	661	-	661	1,218	-	1,218	-	-	-	1,879	-	1,879
Products and Services	8,282	-	8,282	-	-	-	-	-	-	-	-	-	8,282	-	8,282
Accreditation	-	-	-	-	-	-	-	-	-	1,488	-	-	1,488	-	1,488
Contributions to Political Candidates	-	-	-	-	-	-	-	-	-	-	170	-	170	-	170
<b>Total Program Services</b>	<b>24,206</b>	<b>-</b>	<b>24,206</b>	<b>1,209</b>	<b>-</b>	<b>1,209</b>	<b>2,293</b>	<b>-</b>	<b>2,293</b>	<b>34,288</b>	<b>170</b>	<b>(275)</b>	<b>61,891</b>	<b>-</b>	<b>61,891</b>
Supporting Services:															
Governance & General Administration	12,632	-	12,632	694	-	694	889	-	889	2,810	-	(523)	16,502	-	16,502
Fundraising	-	-	-	276	-	276	204	-	204	-	-	-	480	-	480
<b>Total Supporting Services</b>	<b>12,632</b>	<b>-</b>	<b>12,632</b>	<b>970</b>	<b>-</b>	<b>970</b>	<b>1,093</b>	<b>-</b>	<b>1,093</b>	<b>2,810</b>	<b>-</b>	<b>(523)</b>	<b>16,982</b>	<b>-</b>	<b>16,982</b>
<b>Total Expenses</b>	<b>36,838</b>	<b>-</b>	<b>36,838</b>	<b>2,179</b>	<b>-</b>	<b>2,179</b>	<b>3,386</b>	<b>-</b>	<b>3,386</b>	<b>37,098</b>	<b>170</b>	<b>(798)</b>	<b>78,873</b>	<b>-</b>	<b>78,873</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(8,966)</b>	<b>-</b>	<b>(8,966)</b>	<b>204</b>	<b>40</b>	<b>244</b>	<b>167</b>	<b>(167)</b>	<b>-</b>	<b>8,109</b>	<b>94</b>	<b>-</b>	<b>(392)</b>	<b>(127)</b>	<b>(519)</b>
<b>OTHER ITEMS</b>															
Reserve Investment Earnings	3,872	81	3,953	128	466	594	564	-	564	917	-	-	5,481	547	6,028
Pension-Related Changes Other Than Net Periodic Pension Cost	(485)	-	(485)	-	-	-	-	-	-	-	-	-	(485)	-	(485)
Distribution from ANCC to ANA	5,000	-	5,000	-	-	-	-	-	-	(5,000)	-	-	-	-	-
Total Other Items	8,387	81	8,468	128	466	594	564	-	564	(4,083)	-	-	4,996	547	5,543
<b>CHANGE IN NET ASSETS</b>	<b>(579)</b>	<b>81</b>	<b>(498)</b>	<b>332</b>	<b>506</b>	<b>838</b>	<b>731</b>	<b>(167)</b>	<b>564</b>	<b>4,026</b>	<b>94</b>	<b>-</b>	<b>4,604</b>	<b>420</b>	<b>5,024</b>
Net Assets - January 1, 2017	19,435	235	19,670	153	4,582	4,735	4,350	639	4,989	14,656	112	-	38,706	5,456	44,162
<b>NET ASSETS - DECEMBER 31, 2017</b>	<b>\$ 18,856</b>	<b>\$ 316</b>	<b>\$ 19,172</b>	<b>\$ 485</b>	<b>\$ 5,088</b>	<b>\$ 5,573</b>	<b>\$ 5,081</b>	<b>\$ 472</b>	<b>\$ 5,553</b>	<b>\$ 18,682</b>	<b>\$ 206</b>	<b>\$ -</b>	<b>\$ 43,310</b>	<b>\$ 5,876</b>	<b>\$ 49,186</b>