

AMERICAN NURSES FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2016 AND 2015

**AMERICAN NURSES FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
American Nurses Foundation, Inc.
Silver Spring, Maryland

We have audited the accompanying financial statements of the American Nurses Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Nurses Foundation, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 18, 2017

**AMERICAN NURSES FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	(In Thousands)	
	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 23	\$ 32
Pledges Receivable	715	839
Due from Related Organizations	216	90
Investments	5,521	5,207
Prepaid Expenses and Other Assets	-	1
Property and Equipment, Net	3	2
Total Assets	\$ 6,478	\$ 6,171
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 94	\$ 177
Grants Payable	27	31
Due to Related Organizations	1,612	964
Deferred Revenue	10	31
Total Liabilities	1,743	1,203
NET ASSETS		
Unrestricted Net Assets	153	279
Temporarily Restricted Net Assets	2,257	2,423
Permanently Restricted Net Assets	2,325	2,266
Total Net Assets	4,735	4,968
Total Liabilities and Net Assets	\$ 6,478	\$ 6,171

See accompanying Notes to the Financial Statements.

AMERICAN NURSES FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016 (In Thousands)</u>				<u>2015 (In Thousands)</u>			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE								
Contributions	\$ 771	\$ 612	\$ 114	\$ 1,497	\$ 968	\$ 516	\$ 163	\$ 1,647
Other Income	15	-	-	15	13	-	-	13
Net Assets Released From Restrictions	1,082	(1,026)	(56)	-	658	(658)	-	-
Total Revenue	<u>1,868</u>	<u>(414)</u>	<u>58</u>	<u>1,512</u>	<u>1,639</u>	<u>(142)</u>	<u>163</u>	<u>1,660</u>
EXPENSES								
Program Services:								
Grant Award Programs	537	-	-	537	433	-	-	433
Services and Programs	489	-	-	489	225	-	-	225
Total Program Services	<u>1,026</u>	<u>-</u>	<u>-</u>	<u>1,026</u>	<u>658</u>	<u>-</u>	<u>-</u>	<u>658</u>
Supporting Services:								
Fundraising	119	-	-	119	99	-	-	99
Governance, Administration and General	913	-	-	913	935	-	-	935
Total Supporting Services	<u>1,032</u>	<u>-</u>	<u>-</u>	<u>1,032</u>	<u>1,034</u>	<u>-</u>	<u>-</u>	<u>1,034</u>
Total Expenses	<u>2,058</u>	<u>-</u>	<u>-</u>	<u>2,058</u>	<u>1,692</u>	<u>-</u>	<u>-</u>	<u>1,692</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(190)	(414)	58	(546)	(53)	(142)	163	(32)
OTHER ITEM								
Investment Gain (Loss)	64	248	1	313	(38)	(48)	1	(85)
Total Other Item	<u>64</u>	<u>248</u>	<u>1</u>	<u>313</u>	<u>(38)</u>	<u>(48)</u>	<u>1</u>	<u>(85)</u>
CHANGE IN NET ASSETS	(126)	(166)	59	(233)	(91)	(190)	164	(117)
Net Assets - Beginning of Year	<u>279</u>	<u>2,423</u>	<u>2,266</u>	<u>4,968</u>	<u>370</u>	<u>2,613</u>	<u>2,102</u>	<u>5,085</u>
NET ASSETS - END OF YEAR	<u>\$ 153</u>	<u>\$ 2,257</u>	<u>\$ 2,325</u>	<u>\$ 4,735</u>	<u>\$ 279</u>	<u>\$ 2,423</u>	<u>\$ 2,266</u>	<u>\$ 4,968</u>

See accompanying Notes to the Financial Statements.

AMERICAN NURSES FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	(In Thousands)	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (233)	\$ (117)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Unrealized (Gain) Loss on Investments	(154)	283
Net Realized Gain on Investments	(11)	(65)
Donated Stock	(1)	-
Contributions, Permanently Restricted	(114)	(163)
Depreciation	2	1
Changes in Assets and Liabilities:		
Pledges Receivable	124	(185)
Due from Related Organizations	(126)	(13)
Grants Receivable	-	7
Prepaid Expenses and Other Assets	1	2
Accounts Payable and Accrued Expenses	(83)	90
Grants Payable	(4)	7
Due to Related Organizations	648	125
Deferred Revenue	(21)	31
Net Cash Provided by Operating Activities	28	3
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(548)	(792)
Proceeds from the Sale of Investments	400	487
Purchases of Property and Equipment	(3)	-
Net Cash Used in Investing Activities	(151)	(305)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Permanently Restricted Net Assets	114	163
Net Cash Provided by Financing Activities	114	163
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9)	(139)
Cash and Cash Equivalents - Beginning of Year	32	171
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 23	\$ 32

See accompanying Notes to the Financial Statements.

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Nurses Foundation, Inc. (the Foundation) was established in 1955 as the scientific research, educational and charitable affiliate of the American Nurses Association, Inc. (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.

Income Tax Status

The Foundation is exempt from Federal income taxes on its exempt purpose activities under section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation by the Internal Revenue Service. No provision for income tax is required for 2016 and 2015.

The Foundation adopted the income tax standard for uncertain income tax positions. The Foundation evaluated its tax positions and determined that its positions are more-likely-than-not to be sustained on examination. The Foundation's income tax returns are subject to review and examination by federal and state authorities.

Use of Estimates

The preparation of 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 Foundation 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 Foundation, are classified as investments. ANF does not consider money market funds that are part of the investments portfolio to be cash equivalents.

Receivables

The receivables are stated at their net realizable value. Receivables past due are individually analyzed for collectability. When all collection efforts are exhausted, the receivable is written off against bad debt expense. Management estimates that all receivables are fully collectible.

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair Value Measurements

The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The Foundation accounts for certain financial assets and liabilities at fair value under various accounting literature.

Fair Value Hierarchy

The Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (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 measurement of the instrument.

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

Level 1

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

Level 2

Financial assets and liabilities 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 or liability. Level 2 inputs include the following, among others, quoted prices for similar assets or liabilities in active market or non-active market.

Level 3

Financial assets and liabilities 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 or liability.

Property and Equipment

Property and equipment are stated at cost. Acquisitions greater than \$1,000 per unit/item are capitalized and then depreciated using the straight-line method over the estimated service lives of the assets (three to ten years).

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to the Foundation, 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:

Unrestricted Net Assets

Unrestricted net assets consist of undesignated net assets and designated net assets. Undesignated net assets are funds available for the general operations of the Foundation. Designated net assets consist of unrestricted funds designated by the Board of Trustees for a specific purpose. Board designated net assets totaled \$151,064 and \$278,050 as of December 31, 2016 and 2015, respectively, designating all unrestricted net assets for both years.

Temporarily Restricted Net Assets

The Foundation 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

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

Contributions and Grants

Contributions and grants are recorded as unrestricted, temporarily restricted, or permanently restricted revenue in the period received or pledged at their fair values.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of Operations

The Foundation considers investment earnings to be an item not included in operations.

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 18, 2017, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT AND MARKET RISK

The Foundation maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits.

The Foundation invests in a variety of investments. 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.

NOTE 3 INVESTMENTS

Investments are recorded at fair value and consisted of the following at December 31:

	(In Thousands)			
	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Money Market Funds	\$ 231	\$ 231	\$ 247	\$ 247
Mutual Funds - Equity	2,590	3,035	2,504	2,832
Mutual Funds - Bonds	2,329	2,255	2,239	2,128
Total	\$ 5,150	\$ 5,521	\$ 4,990	\$ 5,207

Investment return consists of the following for the years ended December 31:

	(In Thousands)	
	2016	2015
Interest and Dividends, Net of Fees	\$ 148	\$ 133
Unrealized Gain (Loss) on Investments	154	(283)
Realized Gains on Investments	11	65
Total	\$ 313	\$ (85)

Interest and dividends are shown above net of investment fees of approximately \$28,309 and \$25,586 for the years ended December 31, 2016 and 2015, respectively.

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 3 INVESTMENTS (CONTINUED)

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2016 and 2015:

<u>2016</u>	(In Thousands)			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual Funds - Equity	\$ 3,035	\$ -	\$ -	\$ 3,035
Mutual Funds - Bonds	2,255	-	-	2,255
Total	<u>\$ 5,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,290</u>

<u>2015</u>	(In Thousands)			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual Funds - Equity	\$ 2,832	\$ -	\$ -	\$ 2,832
Mutual Funds - Bonds	2,128	-	-	2,128
Total	<u>\$ 4,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,960</u>

The investment balances reflected in this table do not include any investment held in money market accounts.

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of pledged restricted and unrestricted contributions to fund various programs as well as support for the Foundation's operations. They are deemed to be fully collectible and are reflected at either net realizable value, or at net present value based on projected cash flows. Amounts receivable in more than one year were discounted at an average annual rate of 3.25% using a rate that considers market and credit risk. No allowance for uncollectible amounts is necessary as management believes that all recorded amounts are collectible.

Pledges receivable are promised as follows at December 31, 2016 and 2015:

	(In Thousands)	
	<u>2016</u>	<u>2015</u>
Due in Less than One Year	\$ 658	\$ 627
Due in One to Five Years	62	250
Total Pledges Receivable	<u>720</u>	<u>877</u>
Less: Discount of 3.25%	(5)	(15)
Less: Reserve for Uncollectible Pledges	-	(23)
Total Pledges Receivable, Net	<u>\$ 715</u>	<u>\$ 839</u>

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	(In Thousands)	
	2016	2015
Furniture and Equipment	\$ 9	\$ 5
Total	9	5
Less: Accumulated Depreciation	(6)	(3)
Property and Equipment, Net	\$ 3	\$ 2

NOTE 6 RELATED PARTY TRANSACTIONS

The Foundation regularly carries on transactions with its related organizations. The Foundation was formed for the purpose of supporting the mission and purpose of the American Nurses Association, Inc.

American Nurses Association, Inc. (the Association)

The Association provides staff and various other supporting services to the Foundation as an in-kind contribution for which the Association is reimbursed. The administration fee for these services was \$377,589 and \$327,805 for the years ended December 31, 2016 and 2015, respectively, and is included as revenue and expenses in the accompanying statements of activities.

American Nurses Credentialing Center (ANCC)

ANCC provided contributions in the amount of \$56,264 and \$52,182 for the years ending December 31, 2016 and 2015, respectively, to support programs of the Foundation.

Amounts Due from/to Related Organizations

The Foundation had total payables of \$1,396,400 and \$873,951 as of December 31, 2016 and 2015, respectively, to the following related organizations for administrative costs such as salaries, fringe benefits and vendor payments that benefited the Foundation at December 31:

	(In Thousands)	
	2016	2015
Due to American Nurses Association, Inc.	\$ 1,612	\$ 964
Due from American Nurses Credentialing Center	(216)	(90)
Total	\$ 1,396	\$ 874

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 7 RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015, consist of the unspent portion of temporarily restricted contributions received, contributions receivable in future years and investments carried at fair value. These net assets are purpose restricted to the following programs at December 31:

	(In Thousands)	
	2016	2015
Funds Available from Endowment Earnings	\$ 1,080	\$ 1,182
Nursing Research Grants (NRG)	108	91
Private Grants	68	-
Other Temporarily Restricted Programs	1,001	1,150
Total	\$ 2,257	\$ 2,423

Permanently restricted net assets consist of investments and/or cash and cash equivalents carried at fair value. These assets are restricted to the following funds at December 31:

	(In Thousands)	
	2016	2015
Credentialing Research Endowment for Nursing Fund	\$ 588	\$ 534
Virginia Stone Fund	404	404
Florence Nightingale Fund	236	235
Virginia Kelley Fund	216	196
Elizabeth Carnegie Fund	186	186
Joyce J. Fitzpatrick Endowed Leadership Research Fund	102	100
Irene Trowell-Harris Leadership Fund	100	100
Anne Zimmerman Fund	76	76
Hildegard Peplau Fund	76	76
Chow/Togasaki/Breitenbach Fund	61	61
Sayre Memorial Fund	45	45
Bea Kalish Endowment	44	100
Eleanor Lambertsen Fund	43	43
Dorothy Cornelius Fund	40	40
Virginia Cleland Fund	40	40
McClure Fund	37	-
Burnett Munsil Fund	20	19
Leadership and Innovation Fund	10	10
Rock the Foundation	1	1
Total	\$ 2,325	\$ 2,266

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 8 ENDOWMENT

Uniform Prudent Management of Institutional Funds Act (UPMIFA)

In April 2009 UPMIFA became effective in the State of Maryland. Under UPMIFA all unappropriated endowment fund assets are considered restricted. The Board of Trustees has interpreted the Maryland 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 Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation's endowment investment policy is focused on preservation of capital and amounts are invested in mutual funds – equity, mutual funds – bonds, and money market funds.

Uniform Prudent Management of Institutional Funds Act (UPMIFA)

In accordance with UPMIFA, the Foundation 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 Foundation 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 Foundation
- The investment policy of the Foundation

Return Objectives and Risk Parameters

The Foundation 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 Foundation 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 Foundation's objective is that total investment returns shall 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 (5) percent. Over the long-term, the Foundation expects to allow its endowment to grow annually, consistent with the Foundation'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.

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 8 ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation 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 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 Foundation 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, 2016 and 2015:

	(In Thousands)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, January 1, 2015	\$ -	\$ 1,449	\$ 2,102	\$ 3,551
Investment Return	-	(47)	1	(46)
Contributions	-	38	163	201
Appropriations	-	(259)	-	(259)
Deficiencies in Donor Restricted Endowment Funds	(1)	1	-	-
Endowment Net Assets, December 31, 2015	(1)	1,182	2,266	3,447
Investment Return	-	247	1	248
Contributions	-	6	114	120
Appropriations	-	(354)	(56)	(410)
Deficiencies in Donor Restricted Endowment Funds	1	(1)	-	-
Endowment Net Assets, December 31, 2016	<u>\$ -</u>	<u>\$ 1,080</u>	<u>\$ 2,325</u>	<u>\$ 3,405</u>

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 Foundation 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 Foundation had no funds with deficiencies of this nature as of December 31, 2016, and one fund with deficiencies of this nature as of December 31, 2015.

**AMERICAN NURSES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 9 FUNCTIONAL EXPENSES

The Foundation is required to disclose its direct and indirect expenses on a functional basis. As a result, the Foundation has allocated its indirect expenses to the program and supporting services benefited based on direct cost percentages.

Fully allocated expenses, by function, are as follows for the years ended December 31:

	(In Thousands)	
	2016	2015
Program Services:		
Grant Award Programs	\$ 900	\$ 861
Services and Programs	821	447
Total Program Services	1,721	1,308
Supporting Services:		
Fundraising	200	198
Governance, Administration and General	137	186
Total Supporting Services	337	384
Total Expenses	\$ 2,058	\$ 1,692

NOTE 10 COMMITMENTS AND CONTINGENCIES

Headquarters

During April 2003, the Association entered into a lease agreement for office space. The Foundation occupies certain rentable square feet of space in the new building to conduct its operations. The Foundation's proportionate share of rent totaled \$15,000 for each of the years ended December 31, 2016 and 2015.

Defined Benefit Plan

The Association sponsors a noncontributory, defined benefit pension plan that covers all eligible employees. The Foundation's employees are covered under this plan.

The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service and compensation rates near retirement. All costs of providing these retirement benefits are currently reflected on the Association's books and records.

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.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
American Nurses Foundation, Inc.
Silver Spring, Maryland

We have audited the financial statements of The American Nurses Foundation, Inc. as of and for the years ended December 31, 2016 and 2015, and our report thereon dated July 18, 2017, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 18, 2017

AMERICAN NURSES FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (IN THOUSANDS)
YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)
(See Independent Auditors' Report on Supplementary Information)

	<u>Program Services</u>			<u>Supporting Services</u>		Total Supporting Services	2016 Total Expenses	2015 Total Expenses
	Grant Award Programs	Services and Programs	Total Program Services	Fundraising	Governance, Administration and General			
Personnel Costs	\$ 280	\$ 285	\$ 565	\$ 63	\$ 309	\$ 372	\$ 937	\$ 737
Grant Awards	205	108	313	30	8	38	351	345
Overhead and Support Services	-	-	-	-	377	377	377	334
Professional Fees	12	26	38	13	52	65	103	62
Other	25	12	37	-	64	64	101	59
Travel	11	54	65	2	44	46	111	47
Printing and Advertising	-	1	1	9	25	34	35	45
Postage and Fulfillment	-	-	-	-	7	7	7	24
Facilities	-	-	-	-	17	17	17	19
Office Supplies	1	2	3	2	7	9	12	11
Dues and Subscriptions	3	1	4	-	3	3	7	9
Total	<u>\$ 537</u>	<u>\$ 489</u>	<u>\$ 1,026</u>	<u>\$ 119</u>	<u>\$ 913</u>	<u>\$ 1,032</u>	<u>\$ 2,058</u>	<u>\$ 1,692</u>