



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

**Consolidated Financial Statements and
Supplementary Information**

For the Years Ended December 31, 2022 and 2021



**and
Report Thereon**



AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

TABLE OF CONTENTS
For the Years Ended December 31, 2022 and 2021

	<i>Page</i>
Independent Auditors' Report.....	1-3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-34
Supplementary Information	
Consolidating Schedules of Financial Position	35-36
Consolidating Schedules of Activities	37-38

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
**American Nurses Association, Inc.
and Affiliates**

Opinion

We have audited the consolidated financial statements of the American Nurses Association, Inc. (the Association) and its Affiliates, the American Nurses Foundation, Inc. (the Foundation), the American Nurses Credentialing Center (ANCC), the American Academy of Nursing (the Academy), the American Nurses Association – Political Action Committee (the PAC), the American Nurses Association – Service Corp (the Service Corp) and the Institute for Nursing Research and Education (INRE) (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022 and 2021, and the consolidated 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.

We did not audit the financial statements of the American Academy of Nursing, a controlled affiliate, which statements reflect total assets of \$8,345,906 and \$8,289,474 as of December 31, 2022 and 2021, respectively, and total revenue and support of \$3,809,114 and \$3,630,161, respectively, for the years then ended. 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information 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, which insofar as it relates to the American Academy of Nursing, is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
September 26, 2023

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(in Thousands)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 6,920	\$ 7,575
Accounts receivable, net	2,874	3,454
Contract assets	5,114	-
Grants and contributions receivable, net	8,293	11,202
Inventory	501	397
Prepaid expenses and other assets	2,530	2,177
Investments	102,729	116,988
Investment in LLC	1,000	1,000
Grant advances	2,857	-
Right of use assets – operating	7,925	-
Property and equipment, net	<u>6,031</u>	<u>5,450</u>
TOTAL ASSETS	<u>\$ 146,774</u>	<u>\$ 148,243</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Dues collected on behalf of Constituent/State Nurses Association	\$ 933	\$ 932
Accounts payable and accrued expenses	3,988	4,494
Accrued salary, vacation, pension obligation and related expenses	4,182	9,215
Grants payable	27	391
Contract liabilities	8,276	7,380
Refundable advances	664	183
Operating lease liabilities	9,892	-
Deferred rent and lease incentive	<u>-</u>	<u>2,229</u>
TOTAL LIABILITIES	<u>27,962</u>	<u>24,824</u>
Net Assets		
Without donor restrictions		
Undesignated	42,431	43,977
Designated	<u>46,374</u>	<u>47,184</u>
Total Net Assets Without Donor Restrictions	<u>88,805</u>	<u>91,161</u>
With donor restrictions	<u>30,007</u>	<u>32,258</u>
TOTAL NET ASSETS	<u>118,812</u>	<u>123,419</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 146,774</u>	<u>\$ 148,243</u>

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

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2022 and 2021

(in Thousands)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Credentialing services and programs	\$ 48,410	\$ -	\$ 48,410	\$ 43,187	\$ -	\$ 43,187
Membership dues	20,559	-	20,559	21,186	-	21,186
Conference fees	17,208	-	17,208	13,750	-	13,750
Contributions, grants and contracts	4,953	2,486	7,439	3,233	21,452	24,685
Products and services	5,549	-	5,549	5,289	-	5,289
Publication sales	2,511	-	2,511	2,868	-	2,868
Other income	467	-	467	342	-	342
Rental income	461	-	461	445	-	445
Net assets released from restrictions:						
Satisfaction of program and time restrictions	4,706	(4,706)	-	5,161	(5,161)	-
TOTAL REVENUE AND SUPPORT	104,824	(2,220)	102,604	95,461	16,291	111,752
EXPENSES						
Program Services:						
Certification	19,913	-	19,913	16,986	-	16,986
Products and conferences	16,565	-	16,565	13,975	-	13,975
Recognition programs	13,186	-	13,186	12,462	-	12,462
Member services and programs	10,820	-	10,820	9,028	-	9,028
Programs and special initiatives	7,786	-	7,786	8,129	-	8,129
Grant award programs	6,201	-	6,201	4,567	-	4,567
Accreditation	3,370	-	3,370	2,584	-	2,584
Services and programs	1,582	-	1,582	775	-	775
Contributions to Political Candidates	133	-	133	198	-	198
Total Program Services	79,556	-	79,556	68,704	-	68,704
Supporting Services:						
Governance and general administration	12,538	-	12,538	11,582	-	11,582
Fundraising	964	-	964	580	-	580
Total Supporting Services	13,502	-	13,502	12,162	-	12,162
TOTAL EXPENSES	93,058	-	93,058	80,866	-	80,866
Change in Net Assets From Operations	11,766	(2,220)	9,546	14,595	16,291	30,886
NONOPERATING ITEMS						
Investment return	(14,332)	(31)	(14,363)	10,720	208	10,928
Investment income from LLC	210	-	210	210	-	210
TOTAL NONOPERATING ITEMS	(14,122)	(31)	(14,153)	10,930	208	11,138
CHANGE IN NET ASSETS	(2,356)	(2,251)	(4,607)	25,525	16,499	42,024
NET ASSETS, BEGINNING OF YEAR	91,161	32,258	123,419	65,636	15,759	81,395
NET ASSETS, END OF YEAR	\$ 88,805	\$ 30,007	\$ 118,812	\$ 91,161	\$ 32,258	\$ 123,419

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

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

(in Thousands)

	Program Services								Supporting Services				Total Expenses	
	Certification	Products and Conferences	Recognition Programs	Member Services and Programs	Programs and Special Initiatives	Grant Award Programs	Accreditation	Services and Programs	Contributions to Political Candidates	Total Program Services	Governance and General Administration	Fundraising		Total Supporting Services
Salaries and fringe benefits	\$ 9,221	\$ 4,934	\$ 6,375	\$ 2,867	\$ 4,752	\$ 1,356	\$ 1,983	\$ 720	\$ -	\$ 32,208	\$ 6,166	\$ 602	\$ 6,768	\$ 38,976
Professional fees	3,896	3,776	3,838	2,572	1,363	1,312	530	131	-	17,418	2,084	153	2,237	19,655
Facilities, equipment, software and insurance	2,166	1,151	1,280	471	754	75	331	92	-	6,320	1,845	39	1,884	8,204
Travel	413	2,642	439	94	261	192	191	25	-	4,257	365	42	407	4,664
Printing and advertising	315	372	208	2,208	135	166	53	4	-	3,461	431	20	451	3,912
Meeting expenses	70	2,235	96	29	47	52	12	308	-	2,849	132	3	135	2,984
Grant awards	-	1	52	6	1	2,689	-	138	-	2,887	-	-	-	2,887
Interest expense, bank and credit card fees	1,232	426	26	202	5	2	7	19	-	1,919	48	21	69	1,988
Postage and fulfillment	386	167	9	1,265	6	2	4	-	-	1,839	19	9	28	1,867
Data and voice services, and office supplies	449	161	123	666	28	11	40	23	-	1,501	220	8	228	1,729
Temporary help	870	134	163	32	24	233	28	-	-	1,484	226	2	228	1,712
Depreciation and amortization	379	258	251	85	56	7	64	29	-	1,129	544	10	554	1,683
Other expenses	178	139	161	165	184	82	79	86	-	1,074	115	40	155	1,229
Dues, subscription, and registration fees	245	107	104	62	156	20	32	7	-	733	214	15	229	962
Write-Off	93	62	61	18	14	2	16	-	-	266	129	-	129	395
Contributions	-	-	-	78	-	-	-	-	133	211	-	-	-	211
TOTAL EXPENSES	\$ 19,913	\$ 16,565	\$ 13,186	\$ 10,820	\$ 7,786	\$ 6,201	\$ 3,370	\$ 1,582	\$ 133	\$ 79,556	\$ 12,538	\$ 964	\$ 13,502	\$ 93,058

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

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

(in Thousands)

	Program Services								Supporting Services				Total Expenses	
	Certification	Products and Conferences	Recognition Programs	Member Services and Programs	Programs and Special Initiatives	Grant Award Programs	Accreditation	Services and Programs	Contributions to Political Candidates	Total Program Services	Governance and General Administration	Fundraising		Total Supporting Services
Salaries and fringe benefits	\$ 8,365	\$ 4,661	\$ 6,239	\$ 2,536	\$ 4,638	\$ 1,453	\$ 1,587	\$ 85	\$ -	\$ 29,564	\$ 5,806	\$ 455	\$ 6,261	\$ 35,825
Professional fees	3,367	3,356	3,524	2,432	1,285	1,742	387	15	-	16,108	1,778	53	1,831	17,939
Facilities, equipment, software and insurance	1,880	920	1,168	423	809	129	266	-	-	5,595	1,616	14	1,630	7,225
Travel	51	811	145	12	42	2	29	14	-	1,106	42	9	51	1,157
Printing and advertising	446	613	328	1,710	216	117	67	8	-	3,505	684	3	687	4,192
Meeting expenses	35	2,458	66	17	140	9	5	-	-	2,730	67	-	67	2,797
Grant awards	16	11	62	3	492	889	2	641	-	2,116	38	1	39	2,155
Interest expense, bank and credit card fees	1,028	322	38	163	13	3	6	-	-	1,573	52	22	74	1,647
Postage and fulfillment	334	153	15	729	4	2	3	-	-	1,240	18	2	20	1,260
Data and voice services, and office supplies	226	55	107	656	53	9	35	-	-	1,141	207	4	211	1,352
Temporary help	374	73	53	56	11	116	11	-	-	694	111	-	111	805
Depreciation and amortization	562	349	412	112	94	33	86	-	-	1,648	865	2	867	2,515
Other expenses	121	103	169	106	117	32	72	1	-	721	74	-	74	795
Dues, subscription, and registration fees	181	90	136	63	215	31	28	11	-	755	224	15	239	994
Contributions	-	-	-	10	-	-	-	-	198	208	-	-	-	208
TOTAL EXPENSES	\$ 16,986	\$ 13,975	\$ 12,462	\$ 9,028	\$ 8,129	\$ 4,567	\$ 2,584	\$ 775	\$ 198	\$ 68,704	\$ 11,582	\$ 580	\$ 12,162	\$ 80,866

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

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

(in Thousands)

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,607)	\$ 42,024
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense recognized through change in allowance	(242)	(446)
Net realized and unrealized gains on investments	17,031	(9,129)
Depreciation and amortization	1,683	2,515
Amortization of right of use assets	3,440	-
Loss on disposal of property and equipment	-	78
Contributions restricted for long-term use	-	(2,514)
Changes in assets and liabilities:		
Accounts receivable	822	578
Grants and contributions receivable	2,909	(9,280)
Contract assets	(5,114)	-
Inventory	(104)	(102)
Prepaid expenses and other assets	(353)	417
Grant advances	(2,857)	-
Dues collected on behalf of Constituent/State Nurses Association	1	(32)
Accounts payable and accrued expenses	(646)	1,394
Grants payable	(364)	353
Accrued salary, vacation, pension obligation and related expenses	(5,033)	(5,935)
Contract liabilities	896	(2,976)
Refundable advances	481	14
Operating lease liabilities	(3,736)	-
Deferred rent and lease incentive	-	(358)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,207</u>	<u>16,601</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of investments	(11,040)	(14,166)
Proceeds from sale of investments	8,895	6,034
Purchase of property and equipment	(2,090)	(1,411)
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,235)</u>	<u>(9,543)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions restricted for long-term use	-	2,514
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>2,514</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(28)	9,572
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>17,515</u>	<u>7,943</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17,487</u>	<u>\$ 17,515</u>
Cash and cash equivalents	\$ 6,920	\$ 7,575
Cash and cash equivalents in investments	10,567	9,940
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17,487</u>	<u>\$ 17,515</u>
SUPPLEMENTAL INFORMATION		
Noncash investing and financing activities:		
Additions to property and equipment included in accounts payable and accrued expenses	<u>\$ 140</u>	<u>\$ 222</u>
Leasehold improvements paid by landlord	<u>\$ 34</u>	<u>\$ 261</u>

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

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies

Organization

The American Nurses Association, Inc. (the Association) is a national professional membership organization for registered nurses. 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 territories of Guam and the Virgin Islands.

The Association functions as a modified federation. The Association has approximately 216,000 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 36% of membership dues revenue received in both 2022 and 2021 came from the five largest C/SNAs, respectively.

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 in general.

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 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 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 by-laws require that the organization be politically nonpartisan and work for the fulfillment of the legislative objectives of the Association.

The American Nurses Association – Service Corp (the Service Corp) was established in 2005 as the for-profit subsidiary of the Association. The Service Corp was inactive during the years ended December 31, 2022 and 2021, and has no carrying equity balance.

The Institute for Nursing Research and Education (INRE) was established in 2008 and is a not-for-profit subsidiary of the Association. INRE was inactive during the years ended December 31, 2022 and 2021, and has no carrying net asset balance.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Association, the Foundation, ANCC, the Academy, the PAC, the Service Corporation and INRE (collectively referred to as the Organization). The entities have been consolidated due to the presence of effective control and economic interest, as required under the accounting principles generally accepted in the United States of America (GAAP). Intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP. As such, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

Cash Equivalents

The Organization considers all highly liquid instruments which have an original maturity of three months or less, to be cash equivalents.

Accounts Receivable

Accounts receivable consists of:

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.

Allowance for doubtful accounts is determined based on management's historical experience and assessment of the general financial conditions affecting the customer base. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. As of December 31, 2022 and 2021, the Organization believes that the allowance for doubtful accounts is adequate.

Grants and Contributions 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. Amortization of the discounts is included in contribution revenue. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021**

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

Inventory

Inventory is stated at net realizable value. Inventory is composed primarily of books, review course materials, magnet merchandise, items held for resale, pamphlets and other publications. Management periodically adjusts the value for slow-moving or obsolete inventory.

Property and Equipment and Related Depreciation and Amortization

Property and equipment exceeding \$5,000 and an estimated useful life of more than a year are capitalized at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Investments

The Organization has investments in mutual funds, exchange-traded funds, equity securities, money market funds, and limited partnerships. Investments are recorded at fair value, with gains and losses included in the accompanying consolidated statements of activities. Fair value is the price that would be received to sell an asset or liability through an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of fair value at the beginning and end of the year.

Investment in LLC

During 2003, 8515 Georgia Avenue Associates, LLC (the LLC) was organized. The Association, as a member of the LLC, has agreed to jointly own and develop certain real property. The Association contributed \$1,000,000 as its initial capital contribution resulting in a 7% membership interest. The investment is accounted for using the alternative measurement method which is cost minus any impairment, and adjusted for changes resulting from any observable price changes in orderly transactions for the identical or similar investment. Distributions or royalties received are recorded as income at the time of receipt. The Association received a distribution of \$210,000 in both the years ended December 31, 2022 and 2021.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

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

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP and requires disclosures about fair value measurement for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurement, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

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.

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.

The Organization's assets that were measured at fair value on a recurring basis as of December 31, 2022 and 2021 are disclosed in Note 5 to the consolidated financial statements.

Classification of Net Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, its net assets 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 – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, special purpose reserve funds and board-designated endowment.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

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

Classification of Net Assets (continued)

Net Assets With Donor Restrictions – Net assets with donor restrictions represent amounts that are subject to donor-imposed restrictions to be used for various programs or within a specific time period. These donor restrictions can be temporary in nature in that they will be met by the Organization's activities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated that the funds must be maintained in perpetuity.

Revenue and Support Recognition

The Organization recognizes all unconditional promises to give in the period in which the commitment is made and the value is measurable. Unconditional contributions received are recorded without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. All unconditional promises to give are considered to be available for use unless specifically required by the donor. Amounts received that are designated for future periods or restricted for specific purposes are recorded as with donor restrictions. When a donor-stipulated time restriction expires or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

A portion of the Organization's revenue is derived from conditional cost-reimbursable federal grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the specified conditions. Amounts received prior to meeting the specified conditions are reported as refundable advances in the consolidated statements of financial position. Amounts recognized under the agreements but not received are included in grants and contributions receivable in the accompanying consolidated statements of financial position.

Credentialing services and programs consist of certification, accreditation and appraisal fees for Magnet and Pathway recognition programs as well as support fees. Certification and accreditation revenue is recognized at the point in time after the assessment or examination is completed, which substantially completes the Organization's performance obligation. Appraisal fees for Magnet and Pathway programs are recognized as revenue at a point in time when the applicant has completed the Magnet and Pathway recognition programs (typically up to 12 months) and the Organization has issued a decision in regards to the applicant's qualifications to be granted the Magnet or Pathway designations. The Magnet and Pathway program support fees are recognized ratably over the shorter of a 12 months period from the application date, or the period from the application date to the date of designation, as support services are available

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

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

Revenue and Support Recognition (continued)

to applicants throughout the recognition program period. As credentialing service fees are typically paid at the time an application is submitted, contract liabilities have been recorded in the accompanying consolidated statements of financial position for any fees paid in advance of satisfying the associated performance obligations.

Membership dues are recognized ratably over the membership period since there are no distinct performance obligations and the general member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period. Accordingly, dues paid by members in advance of the reporting period to which the dues pertain are reported as part of contract liabilities in the accompanying consolidated statements of financial position.

Products and services are recognized as revenue when products or services are provided to customers. Publication sales are recognized as revenue when publications are shipped to or downloaded by customers.

Conference fees are recognized at the point in time that the event occurs. Accordingly, registration and exhibit fees received in advance of the conferences are recorded as part of contract liabilities in the accompanying consolidated statements of financial position.

The Organization's contract assets represent amounts earned for the Magnet and Pathway appraisal programs which have not yet billed to the customer due to contractual terms. The Magnet and Pathway appraisal programs require an additional upfront payment with the remaining appraisal fee billed to the customer in installments due at future dates ranging from one to three years. There were no impairments recorded on contract assets as of December 31, 2022. There were no contract assets as of December 31, 2021 as, prior to 2022, the Organization required all fees to be paid in full prior to commencing with the appraisal program.

The Organization's contract liabilities are short-term in nature and are recognized as revenue in the following year when the performance obligations are met.

Rental income is recognized as revenue on a straight-line basis over the life of the lease.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are allocated across functions based on management estimates of time and effort. Expenses that benefit the entire organization, including business services, marketing, and other general and administrative expenses (technology support, rent and utilities, depreciation, insurance, data processing, general office supplies and telephone), are allocated based on proportional direct expenses.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

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

Measure of Operations

The Organization considers investment return to be an item not included in operations.

Rounding to Thousands

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

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements to be Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses – (Topic 326)*. This ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized costs, loan commitments, debt securities and beneficial interests in securitized financial assets, but the effect on the Organization is projected to be limited to accounts receivable. The guidance is effective for the Organization's fiscal year beginning January 1, 2023. The Organization is in the process of evaluating the impact this ASU will have on its financial statements.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and a liability based on the value of the discounted future lease payments. The Organization adopted this standard during the year ended December 31, 2022. The Organization elected not to restate the comparative period. The Organization also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASC 842 resulted in the recognition of an operating right-of-use asset of \$10,381,320 and operating lease liability of \$12,610,415 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Organization's historical accounting treatment. The adoption of ASC 842 did not have a material impact on the Organization's result of operations and cash flows. See Note 8.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

2. Accounts Receivable

Accounts receivable consisted of the following:

	<i>(In Thousands)</i>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Trade	\$ 1,980	\$ 3,001	\$ 3,666
Constituent/State Nurses Association	<u>1,045</u>	<u>846</u>	<u>759</u>
Total Accounts Receivable	3,025	3,847	4,425
Less: Allowance for Doubtful Accounts	<u>(151)</u>	<u>(393)</u>	<u>(839)</u>
Accounts Receivable, Net	<u>\$ 2,874</u>	<u>\$ 3,454</u>	<u>\$ 3,586</u>

3. Grants and Contributions Receivable

Grants and contributions consisted of the following as of December 31, 2022 and 2021.

	<i>(In Thousands)</i>	
	<u>2022</u>	<u>2021</u>
Individuals and corporations	\$ 7,671	\$ 10,537
Federal	550	725
Employee retention credit	<u>132</u>	<u>-</u>
Gross Grants and Contributions Receivable	8,353	11,262
Less: Discount to Net Present Value at rates ranging from 0.1% to 0.3%	<u>(60)</u>	<u>(60)</u>
Grants and Contributions Receivable, Net	<u>\$ 8,293</u>	<u>\$ 11,202</u>

Grants and contributions receivable are anticipated to be collected as follows as of December 31, 2022 and 2021:

	<i>(In Thousands)</i>	
	<u>2022</u>	<u>2021</u>
Within one year	\$ 6,281	\$ 4,872
In one to five years	<u>2,072</u>	<u>6,390</u>
Gross Grants and Contributions Receivable	<u>\$ 8,353</u>	<u>\$ 11,262</u>

The Organization received conditional cost-reimbursable grants from U.S. Department of Health and Human Services totaling approximately \$9,998,000, of which approximately \$9,998,000 and \$9,100,000 had been obligated for expenditure as of December 31, 2022 and 2021, respectively. As of December 31, 2022, the Organization had approximately \$1,442,000 under the obligated amounts that had yet to be recognized because the specified conditions have not yet been met.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

4. Contract Assets

As of December 31, 2022, contract assets are due, according to contract terms, as follows:

<u>For the Year Ending December 31,</u>	<i>(In Thousands)</i>
2023	\$ 1,726
2024	1,778
2025	<u>1,610</u>
Total	<u>\$ 5,114</u>

All contract assets relate to credentialing services and programs, specifically the Magnet and Pathway appraisal programs. There were no impairments recorded on contract assets as of December 31, 2022. There were no contract assets as of December 31, 2021 or January 1, 2021.

5. Investments and Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2022, aggregated where applicable by the fair value hierarchy level with which those measurements were made:

	<i>(In Thousands)</i>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Mutual funds:				
Equities	\$ 19,042	\$ 19,042	\$ -	\$ -
Fixed income	20,141	20,141	-	-
Exchange-traded funds	31,458	31,458	-	-
Equity securities	17,711	17,711	-	-
Money market funds	228	228	-	-
U.S. Treasury Bills	<u>196</u>	<u>-</u>	<u>196</u>	<u>-</u>
Investments included in fair value hierarchy	88,776	<u>\$ 88,580</u>	<u>\$ 196</u>	<u>\$ -</u>

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

5. Investments and Fair Value Measurement (continued)

<i>(In Thousands)</i>				
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>(continued)</i>				
Cash and cash equivalents	\$ 10,567			
Other investments measured at net asset value ^(a) :				
Limited partnerships	<u>3,386</u>			
Total Investments	<u>\$ 102,729</u>			

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2021, aggregated where applicable by the fair value hierarchy level with which those measurements were made:

<i>(In Thousands)</i>				
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Mutual funds:				
Equities	\$ 21,372	\$ 21,372	\$ -	\$ -
Fixed income	22,257	22,257	-	-
Exchange-traded funds	39,275	39,275	-	-
Equity securities	19,990	19,990	-	-
Money market funds	<u>27</u>	<u>27</u>	-	-
Investments included in fair value hierarchy	102,921	<u>\$ 102,921</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	9,940			
Other investments measured at net asset value ^(a) :				
Limited partnerships	<u>4,127</u>			
Total Investments	<u>\$ 116,988</u>			

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

5. Investments and Fair Value Measurement (continued)

(a) These investments are measured at net asset value (NAV) or its equivalent, provided by the external investment managers, as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The Organization used the following methods and significant assumptions to estimate fair value:

Mutual funds, exchange-traded funds, equity securities and money market funds – Securities which are traded on a national securities exchange are valued at the last reported NAV or sales price on the last business day of the year.

Investment earnings are reported net of related expenses of approximately \$380,000 and \$399,000 for the years ended December 31, 2022 and 2021, respectively. The following schedule summarized the investment return for the years ended December 31:

	<i>(In Thousands)</i>	
	<u>2022</u>	<u>2021</u>
Investment earnings, net	\$ 2,668	\$ 1,799
Realized gains on investments	1,510	1,716
Unrealized (losses) gains on investments	<u>(18,541)</u>	<u>7,413</u>
Investment Return	<u>\$ (14,363)</u>	<u>\$ 10,928</u>

In accordance with ASC subtopic 820-10, certain investments 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.

Investments measured at NAV by major category are as follows:

	<i>(In Thousands)</i>			
<u>2022</u>	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Rockefeller: Balanced Fund LP	\$ 3,386	\$ -	Monthly	5 days

	<i>(In Thousands)</i>			
<u>2021</u>	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Rockefeller: Balanced Fund LP	\$ 4,127	\$ -	Monthly	5 days

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

6. Property and Equipment and Related Depreciation and Amortization

The Organization held the following property and equipment as of December 31, 2022 and 2021:

	<u>(In Thousands)</u>	
	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 4,543	\$ 4,099
Software	2,869	9,926
Furniture and fixture	2,116	1,967
Computers	1,597	1,359
Office equipment	750	727
Work in progress	<u>3,209</u>	<u>2,104</u>
Total Property and Equipment	15,084	20,182
Less: Accumulated Depreciation and Amortization	<u>(9,053)</u>	<u>(14,732)</u>
Property and Equipment, Net	<u>\$ 6,031</u>	<u>\$ 5,450</u>

Depreciation and amortization expense totaled approximately \$1,683,000 and \$2,515,000 for the years ended December 31, 2022 and 2021, respectively.

7. Contract Liabilities

Contract liabilities consisted of the following:

	<u>(In Thousands)</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Membership dues	\$ 1,967	\$ 1,931	\$ 1,898
Credentialing services and programs	5,890	4,908	6,520
Conference and exhibit fees	107	22	1,782
Other	<u>312</u>	<u>519</u>	<u>156</u>
Total Contract Liabilities	<u>\$ 8,276</u>	<u>\$ 7,380</u>	<u>\$ 10,356</u>

8. Right of Use Assets and Lease Liabilities

Operating Leases

The Association leases office space for its headquarters in Silver Spring, Maryland under the terms of a noncancelable lease agreement that expires on October 31, 2024. The lease agreement contains an escalation provision that increases the annual base rent per year. Further, the lease included a tenant improvement allowance of approximately \$2,100,000.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

8. Right of Use Assets and Lease Liabilities (continued)

The Association has another office lease in Washington, D.C. that expired in May 2022. In April 2022, the Association signed a new office lease with a new lessor in Washington, D.C., with a lease commencement date of May 2022. The lease expires in June 2032. Upon signing the new lease, the Association recognized a right-of-use asset of \$983,000 in exchange for lease liabilities of \$1,018,000.

In addition, the Academy also leases an office lease that expires on July 31, 2029. The lease agreement contains an escalation provision that increases the annual base rent per year and rent abatements for both the current and expanded office space.

As described in Note 1, effective January 1, 2022, the Organization adopted *Leases*, ASC 842, which requires lessees to recognize operating leases on the statement of financial position. The Organization has recorded an operating right-of-use asset, net of prepaid lease payments and direct lease incentives, and a lease obligation equal to the present value of the future lease payments due under the terms of the lease, discounted at the risk-free rate as of the date of implementation as permitted by ASC 842. As of December 31, 2022, the Organization's operating right-of-use asset, net of accumulated amortization of \$3,440,000, was \$7,925,000, and the Organization's operating lease liability was \$9,892,000. The operating right-of-use asset is being amortized on a straight-line basis over the lease term.

As of December 31, 2022, future minimum rental payments under the operating lease agreements were as follows:

<u>For the Year Ending December 31,</u>	<i>(In Thousands)</i>
2023	\$ 4,254
2024	3,709
2025	382
2026	391
2027	401
2028 and thereafter	<u>1,043</u>
Total	10,180
Less: Present value discount	<u>(288)</u>
Lease Liability	<u>\$ 9,892</u>

As of December 31, 2021, future minimum rental payments under the operating lease agreements were as follows:

<u>For the Year Ending December 31,</u>	<i>(In Thousands)</i>
2022	\$ 3,895
2023	4,163
2024	3,585
2025	255
2026	261
2027 and thereafter	<u>706</u>
Total	<u>\$ 12,865</u>

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

8. Right of Use Assets and Lease Liabilities (continued)

Operating lease costs for all leases totaled \$3,747,000 and \$3,596,000 for the years ended December 31, 2022 and 2021, respectively, and are included in facilities, equipment, software and insurance in the accompanying statements of functional expenses.

Cash paid for all operating leases for the year ended December 31, 2022 totaled \$3,895,000.

Other information related to the operating leases as of December 31, 2022:

Weighted average remaining lease term	3.4 years
Weighted average discount rate	1.3%

Sublease Agreement

The Association entered into a noncancelable operating sublease agreement with RLJ Entertainment, Inc. (RLJ) to sublet office space in the Association's Silver Spring, MD headquarters building through November 2020. In December 2020, the sublease was extended through November 2021, with option to extend the sublease agreement through October 2024. In May 2021, RLJ signed an amendment to the sublease agreement to extend the lease through November 2023. Rental income for the years ended December 31, 2022 and 2021 was approximately \$461,000 and \$445,000, respectively.

9. Commitments and Contingencies

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. 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 its Chief Executive Officer regarding employment. Under the terms of the agreement, the Chief Executive Officer 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 agreement.

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, 2022. The agreements contain clauses whereby the Organization may be liable for liquidated damages in the event of cancellation. As of December 31, 2022, the maximum potential amount of liquidated damages amounted to approximately \$2,558,000.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

9. Commitments and Contingencies (continued)

Compliance Audit

The Organization has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures, which may be disallowed by the federal agencies, cannot be determined at this time, although the Organization expects such an amount, if any, to be insignificant.

10. Net Assets

Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions are composed of undesignated amounts and board-designated funds. As of December 31, 2022 and 2021, the Organization's net assets without donor restrictions were as follows:

	<i>(In Thousands)</i>	
	<u>2022</u>	<u>2021</u>
Undesignated	\$ 42,431	\$ 43,977
Board-designated:		
Operating reserve fund	42,546	42,433
Special purpose reserve fund	3,191	4,165
Funds functioning as an endowment	<u>637</u>	<u>586</u>
Total Net Assets Without Donor Restrictions	<u>\$ 88,805</u>	<u>\$ 91,161</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions were designated for the following purposes or periods as of December 31, 2022 and 2021:

	<i>(In Thousands)</i>	
	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Foundation program-restricted funds	\$ 22,507	\$ 24,832
ANA nursing scholarships and special awards	414	380
PAC funds	401	300
AAN program-restricted funds	<u>-</u>	<u>26</u>
Total Subject to Expenditure for Specified Purpose	<u>23,322</u>	<u>25,538</u>

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

10. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

	<u>(In Thousands)</u>	
	<u>2022</u>	<u>2021</u>
<i>(continued)</i>		
Subject to spending policy and appropriation:		
Original donor-restricted gifts required to be maintained in perpetuity	\$ 4,996	\$ 4,996
Accumulated endowment earnings	<u>1,689</u>	<u>1,724</u>
Total Subject to Spending Policy and Appropriation	<u>6,685</u>	<u>6,720</u>
Total Net Assets With Donor Restrictions	<u>\$ 30,007</u>	<u>\$ 32,258</u>

11. Endowments

Endowments consist of both donor-restricted endowments and board designated quasi-endowment funds. 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.

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 funds 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.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

11. Endowments (continued)

Uniform Prudent Management of Institutional Funds Act (continued)

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 the 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%) annually based on a three year moving average value of the investment portfolio. 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.

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.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

11. Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

The following is a summary of endowment funds for the years ended December 31, 2022 and 2021:

	<u>(In Thousands)</u>		
	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Endowments net assets, January 1, 2021	\$ 502	\$ 4,236	\$ 4,738
Investment return	24	208	232
Contributions	-	2,514	2,514
Transfers	71	-	71
Appropriations	<u>(11)</u>	<u>(238)</u>	<u>(249)</u>
Endowments net assets, December 31, 2021	586	6,720	7,306
Investment return	-	(31)	(31)
Transfers and other	<u>51</u>	<u>(4)</u>	<u>47</u>
Endowments net assets, December 31, 2022	<u>\$ 637</u>	<u>\$ 6,685</u>	<u>\$ 7,322</u>

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA not to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of December 31, 2022 and 2021.

12. Availability of Resources and Liquidity

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

	<u>(In Thousands)</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,920	\$ 7,575
Accounts receivable	2,874	3,454
Grants and contributions receivable	8,293	11,202
Contract assets	5,114	-
Investments	<u>102,729</u>	<u>116,988</u>
Total Available Financial Assets	125,930	139,219

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

12. Availability of Resources and Liquidity (continued)

	<u>(In Thousands)</u>	
	<u>2022</u>	<u>2021</u>
<i>(continued)</i>		
Less:		
Grants and contributions receivables due beyond one year	\$ (2,072)	\$ (6,390)
Contract assets due beyond one year	(3,388)	-
Investments in limited partnerships	(3,386)	(4,127)
Donor-imposed restrictions:		
Endowment gifts	(6,685)	(6,720)
Other donor restrictions, less grants and contributions receivable due beyond one year	(21,250)	(19,148)
Board-designated amounts	<u>(46,374)</u>	<u>(47,184)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 42,775</u>	<u>\$ 55,650</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 six months of normal operating expenses, which are on average, approximately \$6,000,000 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 deposit, 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. Additionally, the Organization has board-designated net assets that could be available for current operations with Board approval, if necessary.

13. Pension Plan

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, 2022 and 2021, amounted to approximately \$2,089,000 and \$1,811,000, respectively.

The Academy sponsors 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 approximately \$53,000 and \$39,000 for the years ended December 31, 2022 and 2021, respectively.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

13. Pension Plan (continued)

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 services 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 fixed income 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 (ERISA), but the Association often chooses to fund additional amounts to improve the plan's funded status. Although no minimum funding was required for 2022, the Association contributed \$3,000,000, and is projected to contribute an additional \$3,000,000 for 2023.

The measurement dates used for the plan are as of and for the years ended December 31, 2022 and 2021. 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:

	<u>(In Thousands)</u>	
	<u>2022</u>	<u>2021</u>
Accumulated Benefit Obligation	\$ 28,810	\$ 37,805
	<u>2022</u>	<u>2021</u>
Benefit Obligation at December 31	\$ (28,810)	\$ (37,805)
Fair Value of Plan Assets at December 31	<u>28,255</u>	<u>32,425</u>
Funded Status**	<u>\$ (555)</u>	<u>\$ (5,380)</u>

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

	<u>(In Thousands)</u>	
	<u>2022</u>	<u>2021</u>
Change in Benefit Obligation		
Balance – Beginning of Year	\$ 37,805	\$ 39,708
Interest cost	864	722
Benefits paid	(1,865)	(1,836)
Actuarial gain**	<u>(7,994)</u>	<u>(789)</u>
Balance – End of Year	<u>\$ 28,810</u>	<u>\$ 37,805</u>

** The actuarial gain in 2022 and 2021 was primarily driven by the increase in effective discount rate.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

13. Pension Plan (continued)

Defined Benefit Plan (continued)

	<u>(In Thousands)</u>	
	<u>2022</u>	<u>2021</u> <u>(As Adjusted)</u>
Change in Plan Assets		
Balance – Beginning of Year	\$ 32,425	\$ 28,140
Actual return on plan assets	(5,305)	3,121
Employer contributions	3,000	3,000
Benefits paid	<u>(1,865)</u>	<u>(1,836)</u>
Balance – End of Year	<u>\$ 28,255</u>	<u>\$ 32,425</u>
Pension-Related Changes Other Than Net Periodic Pension Cost*:		
Net loss (gain) during the year	\$ (1,150)	\$ (2,325)
Amortization of net gain (loss)	<u>1,150</u>	<u>2,325</u>
Total	<u>\$ -</u>	<u>\$ -</u>
Net Periodic Pension Costs Consist of:		
Interest costs	\$ 863	\$ 722
Expected return on plan assets	(1,539)	(1,584)
Amortization of net loss (gain)*	<u>(1,150)</u>	<u>(2,325)</u>
Total	<u>\$ (1,826)</u>	<u>\$ (3,187)</u>

*As discussed in Note 1, the Organization changed to mark-to-market accounting for its defined benefit pension plan and as a result, the actuarial gains and losses outside the “corridor”, previously reported under pension-related changes other than net periodic pension cost, are immediately recognized as a component of net periodic pension costs rather than amortizing them over several years.

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

	<u>2022</u>	<u>2021</u>
Effective discount rate	2.80%	2.42%
Effective interest rate	2.35%	1.87%
Expected return on assets	4.70%	5.75%
Rate of compensation increase	Not Applicable	Not Applicable

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

13. Pension Plan (continued)

Defined Benefit Plan (continued)

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

	<u>2022</u>	<u>2021</u>
Effective discount rate	5.42%	2.80%
Rate of compensative increase	Not Applicable	Not Applicable
Measurement date	12/31/2022	12/31/2021

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.

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

<u>For the Year Ending December 31,</u>	<i>(In Thousands)</i>
2023	\$ 2,259
2024	2,263
2025	2,296
2026	2,297
2027	2,286
Next five years	<u>11,020</u>
Total	<u>\$ 22,421</u>

Plan Assets

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%
Fixed income	45%
Alternative and other	<u>9%</u>
Total	<u>100%</u>

The plan's weighted average asset allocation as of December 31, 2022 and 2021, by asset category, was as follows:

	<u>2022</u>	<u>2021</u>
Equity	33%	53%
Fixed income	64%	45%
Alternative and other	<u>3%</u>	<u>2%</u>
Total	<u>100%</u>	<u>100%</u>

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

13. Pension Plan (continued)

Defined Benefit Plan (continued)

Plan Assets (continued)

The fair values of the Organization's pension plan assets at December 31, 2022, by asset class, were as follows:

	<i>(In Thousands)</i>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Defined benefit plan assets:				
Mutual funds:				
Equities	\$ 3,071	\$ 3,071	\$ -	\$ -
Fixed income	12,609	12,609	-	-
Exchange-traded funds:				
Equities	3,531	3,531	-	-
Fixed income	3,935	3,935	-	-
Equity securities	2,614	2,614	-	-
Annuity contract	1,537	-	-	1,537
Money market funds	<u>849</u>	<u>849</u>	<u>-</u>	<u>-</u>
Total Plan Assets	28,146	<u>\$ 26,609</u>	<u>\$ -</u>	<u>\$ 1,537</u>
Other investments measured at NAV ^(a) :				
Other assets	<u>109</u>			
Total Plan Assets	<u>\$ 28,255</u>			

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

13. Pension Plan (continued)

Defined Benefit Plan (continued)

Plan Assets (continued)

The fair values of the Organization's pension plan assets at December 31, 2021, by asset class, were as follows:

	<i>(In Thousands)</i>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Defined benefit plan assets:				
Mutual funds:				
Equities	\$ 5,596	\$ 5,596	\$ -	\$ -
Fixed income	10,431	10,431	-	-
Exchange-traded funds:				
Equities	6,988	6,988	-	-
Fixed income	2,416	2,416	-	-
Equity securities	4,692	4,692	-	-
Annuity contract	1,576	-	-	1,576
Money market funds	<u>481</u>	<u>481</u>	<u>-</u>	<u>-</u>
Total Plan Assets	32,180	<u>\$ 30,604</u>	<u>\$ -</u>	<u>\$ 1,576</u>
Other investments measured at NAV ^(a) :				
Other assets	<u>245</u>			
Total Plan Assets	<u>\$ 32,425</u>			

The annuity contract in the defined benefit plan consists of a general investment account consisting primarily of fixed income securities which are maintained at historical value. A market value adjustment is estimated annually based on the current market value of transferrable funds. There were no transfers into or out of Level 3 of the fair value hierarchy.

Defined benefit plan assets measured at NAV by major category as of December 31, 2022 are as follows:

	<i>(In Thousands)</i>			
<u>2022</u>	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Multi-Strategy LP	\$ 109	\$ -	Monthly	Monthly

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021**

13. Pension Plan (continued)

Defined Benefit Plan (continued)

Plan Assets (continued)

Defined benefit plan assets measured at NAV by major category as of December 31, 2021 are as follows:

	<i>(In Thousands)</i>			
<u>2021</u>	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Multi-Strategy LP	\$ 245	\$ -	Monthly	Monthly

A resolution was adopted by the Board of Directors of the Association on August 1, 2023 with an intent to terminate the defined benefit plan by December 31, 2023. Upon termination of the defined benefit plan, participants will become 100% vested in their accounts and plan assets will be allocated in a manner consistent with Section 4044 of ERISA. Participant balances will be distributed as benefit payments as arranged by the Association with an insurance carrier. The defined benefit plan amendment is subject to review and approval by the Pension Benefit Guarantee Corporation and Internal Revenue Service in order to finalize the termination process.

14. Risks and Uncertainties

The Organization invests in a variety of investment types. These investments are exposed to various risks, such as interest rate, market, and credit risk. Market risks include global events which could impact the value of investment securities, such as pandemic or international conflict. 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 consolidated 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. To date, the Organization has not experienced losses in any of these accounts.

15. Income Taxes

The Association and ANCC are exempt from the payment of income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC). The Foundation, the Academy and INRE are exempt from the payment of income taxes under Section 501(c)(3) of the IRC and are each classified as other than a private foundation. The Association, ANCC, Foundation and Academy are all required to report unrelated business income to the Internal Revenue Service and Maryland for the Association, ANCC and ANF. The Academy is required to report unrelated business income to the District of Columbia. The Association, ANCC, ANF and the Academy did not have any significant unrelated business income tax liability for the years ended December 31, 2022 and 2021. Under the provisions of Section 527 of the IRC, political contributions received by the PAC and used for a political campaign or similar purpose are not included in the taxable income of the organization. However, the PAC is subject to tax on the net investment income. The Service Corporation is a for-profit taxable entity.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

15. Income Taxes (continued)

The Organization adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in income taxes for the years ended December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2022, there were years with tax returns that remained open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Organization files tax returns; however, no examinations are currently pending or in progress. As of December 31, 2022 and 2021, the Organization had no accruals for interest and/or penalties.

16. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 26, 2023, the date the consolidated financial statements were available to be issued. Except for the resolution adopted on August 1, 2023 by the Association's Board of Directors with an intent to terminate the defined benefit plan by December 31, 2023 as described in Note 13, there were no subsequent events that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2022

(in Thousands)

	American Nurses Association	American Nurses Foundation	American Academy of Nursing	American Nurses Credentialing Center	ANA Political Action Committee	Eliminations	Total
ASSETS							
Cash and cash equivalents	\$ 2,513	\$ 1,072	\$ 1,903	\$ 1,041	\$ 391	\$ -	\$ 6,920
Accounts receivable, net	1,733	6	81	1,054	-	-	2,874
Contract assets	-	-	-	5,114	-	-	5,114
Grants and contributions receivable, net	550	7,552	191	-	-	-	8,293
Inventory	480	-	2	19	-	-	501
Prepaid expenses and other assets	2,235	38	86	171	-	-	2,530
Investments	22,347	21,468	4,576	54,338	-	-	102,729
Investment in LLC	1,000	-	-	-	-	-	1,000
Grant advances	-	2,857	-	-	-	-	2,857
Operating right of use asset	6,871	-	1,054	-	-	-	7,925
Property and equipment, net	3,999	-	453	1,579	-	-	6,031
Due from related organizations	53,813	1,412	-	50,937	41	(106,203)	-
TOTAL ASSETS	\$ 95,541	\$ 34,405	\$ 8,346	\$ 114,253	\$ 432	\$ (106,203)	\$ 146,774
LIABILITIES AND NET ASSETS							
Liabilities							
Dues collected on behalf of Constituent/State Nurses Association	\$ 933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 933
Accounts payable and accrued expenses	1,628	142	75	2,143	-	-	3,988
Accrued salary, vacation, pension obligation and related expenses	4,129	-	53	-	-	-	4,182
Grants and contributions payable	-	27	-	-	-	-	27
Due to related organizations	52,372	2,070	-	51,730	31	(106,203)	-
Contract liabilities	1,663	-	595	6,018	-	-	8,276
Refundable advances	-	576	88	-	-	-	664
Operating lease liability	8,303	-	1,589	-	-	-	9,892
TOTAL LIABILITIES	69,028	2,815	2,400	59,891	31	(106,203)	27,962
Net Assets							
Without donor restrictions							
Undesignated	5,835	1,761	5,269	29,566	-	-	42,431
Designated	20,264	637	677	24,796	-	-	46,374
Total Net Assets Without Donor Restrictions	26,099	2,398	5,946	54,362	-	-	88,805
With donor restrictions	414	29,192	-	-	401	-	30,007
TOTAL NET ASSETS	26,513	31,590	5,946	54,362	401	-	118,812
TOTAL LIABILITIES AND NET ASSETS	\$ 95,541	\$ 34,405	\$ 8,346	\$ 114,253	\$ 432	\$ (106,203)	\$ 146,774

See independent auditors' report.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2021

(in Thousands)

	American Nurses Association	American Nurses Foundation	American Academy of Nursing	American Nurses Credentialing Center	ANA Political Action Committee	Eliminations	Total
ASSETS							
Cash and cash equivalents	\$ 2,193	\$ 812	\$ 2,281	\$ 1,989	\$ 300	\$ -	\$ 7,575
Accounts receivable, net	1,519	-	42	1,893	-	-	3,454
Grants and contributions receivable, net	725	10,572	22	-	-	(117)	11,202
Inventory	371	-	9	17	-	-	397
Prepaid expenses and other assets	1,802	257	70	48	-	-	2,177
Investments	37,993	22,300	5,452	51,243	-	-	116,988
Investment in LLC	1,000	-	-	-	-	-	1,000
Property and equipment, net	2,797	4	413	2,236	-	-	5,450
Due from related organizations	23,648	926	-	25,362	-	(49,936)	-
TOTAL ASSETS	\$ 72,048	\$ 34,871	\$ 8,289	\$ 82,788	\$ 300	\$ (50,053)	\$ 148,243
LIABILITIES AND NET ASSETS							
Liabilities							
Dues collected on behalf of Constituent/State Nurses Association	\$ 932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 932
Accounts payable and accrued expenses	1,578	197	194	2,525	-	-	4,494
Accrued salary, vacation, pension obligation and related expenses	9,164	-	51	-	-	-	9,215
Grants and contributions payable	-	148	360	-	-	(117)	391
Due to related organizations	26,157	585	-	23,194	-	(49,936)	-
Contract liabilities	1,923	-	511	4,946	-	-	7,380
Refundable advances	-	124	59	-	-	-	183
Deferred rent and lease incentive	1,846	-	383	-	-	-	2,229
TOTAL LIABILITIES	41,600	1,054	1,558	30,665	-	(50,053)	24,824
Net Assets							
Without donor restrictions							
Undesignated	8,940	1,713	6,142	27,182	-	-	43,977
Designated	21,094	586	563	24,941	-	-	47,184
Total Net Assets Without Donor Restrictions	30,034	2,299	6,705	52,123	-	-	91,161
With donor restrictions	414	31,518	26	-	300	-	32,258
TOTAL NET ASSETS	30,448	33,817	6,731	52,123	300	-	123,419
TOTAL LIABILITIES AND NET ASSETS	\$ 72,048	\$ 34,871	\$ 8,289	\$ 82,788	\$ 300	\$ (50,053)	\$ 148,243

See independent auditors' report.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

**CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2022**

(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	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	
REVENUE AND SUPPORT																	
Credentialing services and programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,410	\$ -	\$ -	\$ -	\$ -	\$ 48,410	\$ -	\$ 48,410
Membership dues	18,745	-	18,745	-	-	-	1,814	-	1,814	-	-	-	-	-	20,559	-	20,559
Conference fees	2,249	-	2,249	-	-	-	1,912	-	1,912	13,047	-	-	-	-	17,208	-	17,208
Contributions, grants and contracts	3,414	-	3,414	1,785	2,094	3,879	513	158	671	-	-	234	234	(759)	4,953	2,486	7,439
Products and services	2,505	-	2,505	66	-	66	24	-	24	2,954	-	-	-	-	5,549	-	5,549
Publications sales	1,733	-	1,733	-	-	-	-	-	-	778	-	-	-	-	2,511	-	2,511
Other income	-	-	-	-	-	-	381	-	381	86	-	-	-	-	467	-	467
Rental income	461	-	461	-	-	-	-	-	-	-	-	-	-	-	461	-	461
Net assets released from restrictions:																	
Satisfaction of program and time restrictions	-	-	-	4,389	(4,389)	-	184	(184)	-	-	133	(133)	-	-	4,706	(4,706)	-
TOTAL REVENUE AND SUPPORT	29,107	-	29,107	6,240	(2,295)	3,945	4,828	(26)	4,802	65,275	133	101	234	(759)	104,824	(2,220)	102,604
EXPENSES																	
Program Services:																	
Certification	-	-	-	-	-	-	-	-	-	19,913	-	-	-	-	19,913	-	19,913
Products and conferences	2,608	-	2,608	-	-	-	1,660	-	1,660	12,297	-	-	-	-	16,565	-	16,565
Recognition programs	-	-	-	-	-	-	-	-	-	13,186	-	-	-	-	13,186	-	13,186
Member services and programs	10,301	-	10,301	-	-	-	519	-	519	-	-	-	-	-	10,820	-	10,820
Programs and special initiatives	7,786	-	7,786	-	-	-	-	-	-	-	-	-	-	-	7,786	-	7,786
Grant award programs	2,634	-	2,634	4,326	-	4,326	-	-	-	-	-	-	-	(759)	6,201	-	6,201
Accreditation	-	-	-	-	-	-	-	-	-	3,370	-	-	-	-	3,370	-	3,370
Services and programs	-	-	-	70	-	70	1,512	-	1,512	-	-	-	-	-	1,582	-	1,582
Contributions to Political Candidates	-	-	-	-	-	-	-	-	-	-	133	-	133	-	133	-	133
Total Program Services	23,329	-	23,329	4,396	-	4,396	3,691	-	3,691	48,766	133	-	133	(759)	79,556	-	79,556
Supporting Services:																	
Governance and general administration	11,416	-	11,416	66	-	66	769	-	769	287	-	-	-	-	12,538	-	12,538
Fundraising	-	-	-	830	-	830	134	-	134	-	-	-	-	-	964	-	964
Total Supporting Services	11,416	-	11,416	896	-	896	903	-	903	287	-	-	-	-	13,502	-	13,502
TOTAL EXPENSES	34,745	-	34,745	5,292	-	5,292	4,594	-	4,594	49,053	133	-	133	(759)	93,058	-	93,058
Change in Net Assets From Operations	(5,638)	-	(5,638)	948	(2,295)	(1,347)	234	(26)	208	16,222	-	101	101	-	11,766	(2,220)	9,546
NONOPERATING ITEMS																	
Investment return	(5,675)	-	(5,675)	(789)	(31)	(820)	(993)	-	(993)	(6,875)	-	-	-	-	(14,332)	(31)	(14,363)
Investment income from LLC	210	-	210	-	-	-	-	-	-	-	-	-	-	-	210	-	210
Distribution to ANA for pension contribution	1,530	-	1,530	(60)	-	(60)	-	-	-	(1,470)	-	-	-	-	-	-	-
Distribution from ANCC	5,638	-	5,638	-	-	-	-	-	-	(5,638)	-	-	-	-	-	-	-
TOTAL NONOPERATING ITEMS	1,703	-	1,703	(849)	(31)	(880)	(993)	-	(993)	(13,983)	-	-	-	-	(14,122)	(31)	(14,153)
CHANGE IN NET ASSETS	(3,935)	-	(3,935)	99	(2,326)	(2,227)	(759)	(26)	(785)	2,239	-	101	101	-	(2,356)	(2,251)	(4,607)
NET ASSETS, BEGINNING OF YEAR	30,034	414	30,448	2,299	31,518	33,817	6,705	26	6,731	52,123	-	300	300	-	91,161	32,258	123,419
NET ASSETS, END OF YEAR	\$ 26,099	\$ 414	\$ 26,513	\$ 2,398	\$ 29,192	\$ 31,590	\$ 5,946	\$ -	\$ 5,946	\$ 54,362	\$ -	\$ 401	\$ 401	\$ -	\$ 88,805	\$ 30,007	\$ 118,812

See independent auditors' report.

AMERICAN NURSES ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2021

(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	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	
REVENUE AND SUPPORT																	
Credentialing services and programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,187	\$ -	\$ -	\$ -	\$ -	\$ 43,187	\$ -	\$ 43,187
Membership dues	19,559	-	19,559	-	-	-	1,627	-	1,627	-	-	-	-	-	21,186	-	21,186
Conference fees	2,392	-	2,392	-	-	-	879	-	879	10,499	-	-	-	(20)	13,750	-	13,750
Contributions, grants and contracts	3,791	112	3,903	998	20,929	21,927	197	181	378	25	-	230	230	(1,778)	3,233	21,452	24,685
Products and services	2,422	-	2,422	11	-	11	14	-	14	2,842	-	-	-	-	5,289	-	5,289
Publications sales	2,424	-	2,424	-	-	-	-	-	-	444	-	-	-	-	2,868	-	2,868
Other income	10	-	10	-	-	-	306	-	306	26	-	-	-	-	342	-	342
Rental income	445	-	445	-	-	-	-	-	-	-	-	-	-	-	445	-	445
Net assets released from restrictions:																	
Satisfaction of program and time restrictions	41	(41)	-	4,603	(4,603)	-	319	(319)	-	-	198	(198)	-	-	5,161	(5,161)	-
TOTAL REVENUE AND SUPPORT	31,084	71	31,155	5,612	16,326	21,938	3,342	(138)	3,204	57,023	198	32	230	(1,798)	95,461	16,291	111,752
EXPENSES																	
Program Services:																	
Certification	-	-	-	-	-	-	-	-	-	16,986	-	-	-	-	16,986	-	16,986
Products and conferences	3,508	-	3,508	-	-	-	1,321	-	1,321	9,166	-	-	-	(20)	13,975	-	13,975
Recognition programs	-	-	-	-	-	-	-	-	-	12,462	-	-	-	-	12,462	-	12,462
Member services and programs	8,595	-	8,595	-	-	-	433	-	433	-	-	-	-	-	9,028	-	9,028
Programs and special initiatives	6,642	-	6,642	-	-	-	1,487	-	1,487	-	-	-	-	-	8,129	-	8,129
Grant award programs	2,506	-	2,506	3,795	-	3,795	44	-	44	-	-	-	-	(1,778)	4,567	-	4,567
Accreditation	-	-	-	-	-	-	-	-	-	2,584	-	-	-	-	2,584	-	2,584
Services and programs	-	-	-	775	-	775	-	-	-	-	-	-	-	-	775	-	775
Contributions to Political Candidates	-	-	-	-	-	-	-	-	-	-	198	-	198	-	198	-	198
Total Program Services	21,251	-	21,251	4,570	-	4,570	3,285	-	3,285	41,198	198	-	198	(1,798)	68,704	-	68,704
Supporting Services:																	
Governance and general administration	10,522	-	10,522	56	-	56	759	-	759	245	-	-	-	-	11,582	-	11,582
Fundraising	-	-	-	464	-	464	116	-	116	-	-	-	-	-	580	-	580
Total Supporting Services	10,522	-	10,522	520	-	520	875	-	875	245	-	-	-	-	12,162	-	12,162
TOTAL EXPENSES	31,773	-	31,773	5,090	-	5,090	4,160	-	4,160	41,443	198	-	198	(1,798)	80,866	-	80,866
Change in Net Assets From Operations	(689)	71	(618)	522	16,326	16,848	(818)	(138)	(956)	15,580	-	32	32	-	14,595	16,291	30,886
NONOPERATING ITEMS																	
Investment return	4,429	-	4,429	595	208	803	426	-	426	5,270	-	-	-	-	10,720	208	10,928
Investment income from LLC	210	-	210	-	-	-	-	-	-	-	-	-	-	-	210	-	210
Distribution to ANA for pension contribution	1,530	-	1,530	(60)	-	(60)	-	-	-	(1,470)	-	-	-	-	-	-	-
Distribution from ANCC	620	-	620	-	-	-	-	-	-	(620)	-	-	-	-	-	-	-
TOTAL NONOPERATING ITEMS	6,789	-	6,789	535	208	743	426	-	426	3,180	-	-	-	-	10,930	208	11,138
CHANGE IN NET ASSETS	6,100	71	6,171	1,057	16,534	17,591	(392)	(138)	(530)	18,760	-	32	32	-	25,525	16,499	42,024
NET ASSETS, BEGINNING OF YEAR	23,934	343	24,277	1,242	14,984	16,226	7,097	164	7,261	33,363	-	268	268	-	65,636	15,759	81,395
NET ASSETS, END OF YEAR	\$ 30,034	\$ 414	\$ 30,448	\$ 2,299	\$ 31,518	\$ 33,817	\$ 6,705	\$ 26	\$ 6,731	\$ 52,123	\$ -	\$ 300	\$ 300	\$ -	\$ 91,161	\$ 32,258	\$ 123,419

See independent auditors' report.