MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

EMERGENCY NURSES ASSOCIATION AND AFFILIATE

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

MUELLER

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INDEPENDENT AUDITOR'S REPORT

Finance Committee
Emergency Nurses Association
ENA Foundation Board of Trustees
Schaumburg, Illinois

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Emergency Nurses Association and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of activities and changes in nets assets, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

Auditor's Responsibility, Continued

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Emergency Nurses Association and Affiliate as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 of the consolidated financial statements, for the year ended December 31, 2019, Emergency Nurses Association and Affiliate adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update No. 2018-08, *Not-for –Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Mueller & Co., LLP

Elgin, Illinois
June 29, 2020

EMERGENCY NURSES ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	$ 1,741,436	1,036,093
Accounts receivable, net of allowance for doubtful accounts of $197,000 and $163,534 for 2019 and 2018, respectively	1,707,684	1,928,635
Grants receivable	16,723	-
Other receivables	47,188	47,080
Inventory	50,552	114,827
Prepaid expenses and other current assets	943,648	663,465
Total current assets	4,507,231	3,790,100
Property and equipment, net	12,266,872	12,361,890
Property held for sale	2,450,000	2,450,000
Investments	19,826,403	18,824,849
Total assets	$ 39,050,506	37,426,839

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities:		
Accounts payable	$ 773,746	789,412
Wages and benefits payable	944,905	824,467
Accrued expenses	612,605	702,803
Credits on customer accounts	230,910	630,284
Assessments payable	1,330,139	1,616,540
Line of credit	1,099,209	1,107,591
Current portion of deferred revenue	2,579,300	2,842,670
Current portion of bond payable	337,313	337,040
Total current liabilities	7,908,127	8,850,807
Long-term liabilities:		
Interest rate swap agreement	712,437	284,591
Deferred revenue, net of current portion	1,182,892	896,522
Bond payable, net of current portion	9,210,518	9,547,831
Total long-term liabilities	11,105,847	10,728,944
Total liabilities	19,013,974	19,579,751
Net assets:		
Without donor restrictions:		
Undesignated	16,292,887	14,654,437
Board designated	2,427,354	2,160,804
Total without donor restrictions	18,720,241	16,815,241
With donor restrictions	1,316,291	1,031,847
Total net assets	20,036,532	17,847,088
Total liabilities and net assets	$ 39,050,506	37,426,839

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

EMERGENCY NURSES ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Revenue, Gains and Other Support:						
Courses	$ 14,897,385	-	14,897,385	11,959,342	-	11,959,342
Membership dues	4,258,905	-	4,258,905	4,264,519	-	4,264,519
Conferences	3,333,411	-	3,333,411	2,758,476	-	2,758,476
Publications	760,483	-	760,483	832,703	-	832,703
Marketplace	586,580	-	586,580	536,654	-	536,654
Sponsorships	499,010	-	499,010	398,000	-	398,000
Royalties	515,554	-	515,554	473,436	-	473,436
Other	480,881	-	480,881	202,965	-	202,965
Grants	80,988	-	80,988	26,953	-	26,953
Mailing lists	19,781	-	19,781	19,978	-	19,978
Contributions	128,764	421,128	549,892	110,084	393,426	503,510
Donated services	95,000	-	95,000	95,000	-	95,000
Special event revenue, net of direct expenses	52,389	-	52,389	49,217	-	49,217
Net assets released from restrictions	340,158	(340,158)	-	307,137	(307,137)	-
Total revenue, gains and other support	26,049,289	80,970	26,130,259	22,034,464	86,289	22,120,753
Expenses:						
Programs, grants and scholarships	17,091,336	-	17,091,336	15,390,050	-	15,390,050
Management and general	7,882,684	-	7,882,684	7,072,558	-	7,072,558
Fundraising and development	1,463,201	-	1,463,201	1,376,682	-	1,376,682
Total expenses	26,437,221	-	26,437,221	23,839,290	-	23,839,290
Increase (decrease) in net assets - before other income	(387,932)	80,970	(306,962)	(1,804,826)	86,289	(1,718,537)
Other income (expense):						
Interest expense	(403,661)	-	(403,661)	(318,178)	-	(318,178)
Rental income	-	-	-	142,522	-	142,522
Investment income (loss), net	3,124,439	203,474	3,327,913	(925,995)	(52,476)	(978,471)
Loss on interest rate swap agreement	(427,846)	-	(427,846)	(284,591)	-	(284,591)
Loss on property held for sale	-	-	-	(49,297)	-	(49,297)
	2,292,932	203,474	2,496,406	(1,435,539)	(52,476)	(1,488,015)
Change in net assets	1,905,000	284,444	2,189,444	(3,240,365)	33,813	(3,206,552)
Net assets, beginning of year	16,815,241	1,031,847	17,847,088	20,055,606	998,034	21,053,640
Net assets, end of year	$ 18,720,241	1,316,291	20,036,532	16,815,241	1,031,847	17,847,088

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

EMERGENCY NURSES ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

		PROGRAMS, GRANTS AND SCHOLARSHIPS	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL
Payroll expenses:					
Salaries and wages	$	4,592,171	3,598,337	833,175	9,023,683
Employee benefits		959,231	722,663	170,821	1,852,715
Payroll taxes		345,611	245,559	59,084	650,254
		5,897,013	4,566,559	1,063,080	11,526,652
Operating expenses:					
Bank charges and credit card processing fees		-	276	-	276
Advertising and promotion		156,716	-	-	156,716
Discount on sales		174,041	-	-	174,041
Bad debt expense		39,553	-	-	39,553
Bank and credit card fees		-	427,023	-	427,023
Computer		176,130	655,699	158	831,987
Conferences		2,340,523	106,032	39,800	2,486,355
Cost of goods sold		1,830,712	-	-	1,830,712
Depreciation and amortization		299,642	127,180	27,085	453,907
Fulfillment and warehousing services		271,831	-	-	271,831
Grants and scholarships		871,360	-	-	871,360
Insurance		55,441	51,066	-	106,507
Miscellaneous		113,619	82,833	302	196,754
Postage, freight and shipping		256,042	3,890	20,612	280,544
Printing		309,024	11,623	7,139	327,786
Professional services		471,390	553,790	184,965	1,210,145
Provision for UBIT		51,852	-	-	51,852
Public relations		26,455	450	-	26,905
Recruitment fees		1,125	68,819	-	69,944
Stipends		143,690	142,000	-	285,690
Supplies and equipment		69,255	93,392	6,011	168,658
Temporary workers		211,305	39,632	-	250,937
Training		36,068	222,051	1,958	260,077
Travel		545,043	313,639	24,492	883,174
		8,450,817	2,899,395	312,522	11,662,734
Occupancy expenses:					
Building maintenance		126,100	94,576	21,825	242,501
Depreciation		115,932	86,949	20,065	222,946
Insurance		9,293	6,969	1,608	17,870
Real estate taxes		190,184	142,639	32,916	365,739
Rent		38,646	37,130	-	75,776
Telephone		7,892	5,919	1,366	15,177
Utilities		56,731	42,548	9,819	109,098
		544,778	416,730	87,599	1,049,107
Assessment expenses:					
State/chapter membership dues		527,315	-	-	527,315
ENPC/TNCC		1,671,413	-	-	1,671,413
		2,198,728	-	-	2,198,728
	$	17,091,336	7,882,684	1,463,201	26,437,221

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

EMERGENCY NURSES ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	PROGRAMS, GRANTS AND SCHOLARSHIPS	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL
Payroll expenses:				
Salaries and wages	$ 4,158,336	3,040,238	775,448	7,974,022
Employee benefits	934,075	675,292	177,311	1,786,678
Payroll taxes	309,453	204,551	53,920	567,924
	5,401,864	3,920,081	1,006,679	10,328,624
Operating expenses:				
Advertising and promotion	58,490	-	235	58,725
Discount on sales	147,762	-	-	147,762
Bad debt expense	36,070	-	-	36,070
Bank and credit card fees	-	332,175	-	332,175
Computer	211,365	589,966	138	801,469
Conferences	2,458,713	65,586	29,010	2,553,309
Cost of goods sold	499,837	-	-	499,837
Depreciation and amortization	264,604	136,140	22,656	423,400
Fulfillment and warehousing services	266,662	-	-	266,662
Grants and scholarships	685,292	1,400	-	686,692
Insurance	56,360	46,167	-	102,527
Miscellaneous	51,491	94,074	4,678	150,243
Postage, freight and shipping	271,082	4,468	31,432	306,982
Printing	351,185	21,122	1,318	373,625
Professional services	645,529	434,235	179,161	1,258,925
Provision for UBIT	48,833	-	-	48,833
Public relations	6,371	-	-	6,371
Recruitment fees	2,800	142,120	-	144,920
Stipends	175,267	142,000	-	317,267
Supplies and equipment	73,369	78,145	3,250	154,764
Temporary workers	325,543	162,743	11,758	500,044
Training	41,803	163,922	509	206,234
Travel	443,936	312,804	15,520	772,260
	7,122,364	2,727,067	299,665	10,149,096
Occupancy expenses:				
Building maintenance	89,816	64,864	11,640	166,320
Depreciation	112,522	81,265	14,586	208,373
Insurance	10,174	7,348	1,319	18,841
Real estate taxes	271,587	196,147	35,206	502,940
Rent	34,887	33,519	-	68,406
Telephone	5,923	4,278	768	10,969
Utilities	52,600	37,989	6,819	97,408
	577,509	425,410	70,338	1,073,257
Assessment expenses:				
State/chapter membership dues	584,405	-	-	584,405
ENPC/TNCC	1,703,908	-	-	1,703,908
	2,288,313	-	-	2,288,313
	$ 15,390,050	7,072,558	1,376,682	23,839,290

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

EMERGENCY NURSES ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash provided by (applied to) operating activities:		
Change in net assets	$ 2,189,444	(3,206,552)
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Depreciation and amortization of property and equipment	669,061	623,708
Amortization of debt issuance costs	7,792	8,065
Loss on interest rate swap agreement	427,846	284,591
Loss on property held for sale	-	49,297
Bad debt (recovery) expense	33,466	(13,567)
Realized and unrealized (gain) loss on investments	(2,737,409)	1,596,869
Contributions restricted for investment in endowments	(106,009)	(84,394)
Decrease (increase) in assets:		
Accounts receivable, net of change in allowance for doubtful accounts	187,485	(376,529)
Grants receivable	(16,723)	-
Other receivables	(108)	(30,326)
Inventory	64,275	(53,526)
Prepaid expenses and other current assets	(280,183)	(284,083)
Increase (decrease) in liabilities:		
Accounts payable	(15,666)	416,387
Wages and benefits payable	120,438	66,643
Accrued expenses	(90,198)	46,306
Credits on customer accounts	(399,374)	(269,679)
Assessments payable	(286,401)	14,503
Deferred revenue	23,000	(32,166)
	(209,264)	(1,244,453)
Cash provided by (applied to) investing activities:		
Purchases of property and equipment	(574,043)	(7,399,603)
Purchase of investments	(2,740,647)	(8,113,745)
Proceeds from sale and maturities of investments	4,476,502	9,430,555
	1,161,812	(6,082,793)
Cash provided by (applied to) financing activities:		
Collections of contributions restricted for investment in endowments	106,009	84,394
Proceeds from line of credit	-	1,107,591
Payments on line of credit	(8,382)	-
Proceeds from bond payable	-	6,039,735
Payments on bonds payable	(344,832)	-
	(247,205)	7,231,720
Net increase (decrease) in cash and cash equivalents	705,343	(95,526)
Cash and cash equivalents, beginning of year	1,036,093	1,131,619
Cash and cash equivalents, end of year	$ 1,741,436	1,036,093
Other cash flow information:		
Interest paid	$ 403,661	318,178
Income taxes paid	$ 53,000	88,000

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

NOTE 1 - NATURE OF OPERATIONS

Emergency Nurses Association and Affiliate (Organization) consists of Emergency Nurses Association (ENA) and ENA Foundation (ENAF).

ENA is a not-for-profit, professional association whose mission is to advocate for patient safety and excellence in emergency nursing practice. ENA, whose national headquarters is located in Schaumburg, Illinois, was founded in 1970. Paid membership is approximately 44,500.

ENAF was established in 1991 to operate exclusively for charitable, educational and scientific purposes relating to emergency nursing. ENAF activities benefit emergency nurses, patients and the public through provision of undergraduate, advance practice, doctoral and continuing education scholarships, and research grants.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ENA and ENAF. In 2016, management oversight of ENAF was the responsibility of the ENAF Management Board. During 2017 this responsibility changed to the ENAF Board of Trustees (ENAF Board). The sole voting member of ENAF is the ENA. Since ENA has control of the ENAF Board, accounting principles generally accepted in the United States of America require that the financial position and activities of both organizations be consolidated. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts due from Trauma Nursing Core Courses (TNCC), Emergency Nursing Pediatric Courses (ENPC), the sale of advertising space in various ENA publications and royalty arrangements with vendors for ENA educational offerings. Management reviews the aging of the course receivables to determine the level of allowance for doubtful accounts to establish against the course receivables.

Inventory

Inventory is stated at the lower of cost or net realizable value, determined by the first-in, first-out (FIFO) method. As of December 31, 2019 and 2018, there was no allowance for obsolete and excess inventory recorded.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

Long-term and short-term investments in marketable securities with readily determinable fair values are presented in the consolidated financial statements at fair value. Short-term investments are those with a maturity of greater than three months but no more than one year. Long-term investments with a maturity of greater than one year are mutual funds or equity securities. The fair values of investments are based on quoted market prices, when available, for those investments. Both realized and unrealized gains and losses are reported as investment income in the consolidated statement of activities and changes in net assets. The Organization's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the values of investments will occur in near term and will materially affect the amounts reported in the consolidated financial statements and changes in net assets.

Property and Equipment

Property and equipment is stated at cost and is depreciated and amortized over the estimated useful lives of the related assets using the straight-line method. Purchases greater than $2,500 are capitalized to property and equipment. Costs of repairs and maintenance are charged to expense as incurred.

Property Held for Sale

Property held for sale is recorded at the lower of cost or estimated fair value. During 2018, it was determined that the property held for sale was impaired. The Organization recognized an impairment loss of $49,297. At December 31, 2019 and 2018, property held for sale in the amount of $2,450,000 consisted of the Organization’s previous operating headquarters in Des Plaines, Illinois.

Credits on Customer Accounts

Credits on customer accounts represent overpayments on accounts of ENA course directors relating to course fees. These overpayments are not automatically refunded, but instead are held on the account until the course director provides instruction as to the disposition of the credit. The credits are typically applied to future courses.

Assessments Payable

Assessments payable are amounts due to ENA State Councils and Chapters for their share of paid memberships and course fees. Assessments are calculated and paid quarterly.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interest Rate Swap Agreements

Interest rate swap agreements are reflected at fair value in the Organization's consolidated statement of financial position and the related portions of the debt being hedged are reflected at an amount equal to its carrying value.

Under accounting principles generally accepted in the United States of America, not-for-profit entities may elect to use a simplified hedge accounting approach to account for interest rate swap agreements that are entered into for the purpose of economically converting a variable-rate borrowing into a fixed-rate borrowing. Under this approach, the statement of activity charge for interest expense is similar to the amount that would result if the Organization had directly entered into a fixed-rate borrowing instead of a variable-rate borrowing and a receive-variable, pay-fixed interest rate swap. The Organization elected to use the simplified accounting approach.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. Currently the ENA Board of Directors (ENA Board) has designated funds for ENAF endowments as well as to fund projects that fall within the criteria of the ENA spending policy. The ENAF Board has also designated funds for the ENAF endowments.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Concentration of Credit Risk

The Organization maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Organization's uninsured cash balance was $1,156,576 and $469,385 at December 31, 2019 and 2018, respectively. The Organization believes it is not exposed to any significant credit risk on cash.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Concentration of Credit Risk, Continued

The Organization maintains its investments in broker accounts which, at times, may exceed federally insured limits. As of December 31, 2019 and 2018, the Organization's uninsured investment balance was $18,926,091 and $17,920,644, respectively. The Organization believes it is not exposed to any significant credit risk on cash or investments.

Revenue from Contracts with Customers

The Organization derives a significant portion of its revenue from revenue sources that involve contracts with customers. Those sources include courses, membership dues, conferences, publications, marketplace, sponsorships, royalties and other revenue. Revenues are recognized when control of these goods or services are transferred to its customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The Organization does not have any significant financing components as all payments are received within a year of the services being provided. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year. All contracts contain specified pricing for each performance obligation thus allocation of the transaction price is not necessary.

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

		2019	2018
Performance obligations satisfied at a point in time	$	20,119,009	16,246,359
Performance obligations satisfied over time	$	5,213,200	5,179,736

Revenues from performance obligations satisfied at a point in time consist of revenues from courses, conferences, publication advertising revenue, marketplace, event sponsorships and other revenues. Revenues from performance obligations satisfied over time consist of membership dues, publication editorial support and profit sharing, corporate engagement council sponsorships and royalties.

Performance Obligations

For performance obligations related to courses, control transfers to the customer at a point in time. Courses occur on specified dates and course fee revenue is recorded when the course is held. Revenue from the sale of manuals is recognized upon shipment to the customer.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue from Contracts with Customers, Continued

Performance Obligations, Continued

For performance obligations related to membership dues, control transfers to the customer over time. The Organization offers membership categories of one year, three years, five years and lifetime. Revenue is recorded in equal installments as control is passed to the customer over the term of the membership. The Organization has determined that the average career span of an emergency professional is thirteen years and recognizes lifetime memberships over a thirteen-year period.

For performance obligations related to conferences, control transfers to the customer at a point in time. Conferences occur at specified dates and revenue is recorded at the time the conference is held.

For performance obligations related to publication advertising revenue, control transfers at a point in time. Revenue is recorded at the time the advertisement is printed or advertising service is performed. For performance obligations related to publication editorial support and profit sharing, control transfers to the customer over time in equal installments as control is passed to the publisher over the term of the agreement.

For performance obligations related to marketplace, control transfers to the customer at a point in time. Revenue from marketplace is recognized upon shipment of goods to customers.

For performance obligations related to event sponsorships, control transfers to the customer at a point in time. Events occur at specified dates and revenue is recorded at the time the event is held. For performance obligations related to corporate engagement council sponsorships, control transfers to the customer over time. All obligations associated with corporate engagement council sponsorships are satisfied in the year in which the contract was obtained.

For performance obligations related to royalty revenue, control transfers to the customer over time. The Organization recognizes royalty revenue using the output method based on terms agreed upon in contracts established with customers. The Organization receives a percentage of gross income in exchange for a customer's usage of the Organization's name and logo. The Organization also receives commissions based on net revenue generated for promotion of a job board on the Organization's website.

For performance obligations related to other revenues, control transfers to the customer at a point in time. For the year ended December 31, 2019, a significant portion of the other revenues related to postponing the close date of the property held for sale.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue from Contracts with Customers, Continued

Conference fees received in advance are deferred until the conference takes place. Course fees received in advance are deferred until the course takes place. Membership dues received in advance are deferred until the period to which the dues relate. The deferred amounts as of December 31, 2019 and 2018 are included in deferred revenue on the consolidated statements of financial position.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions not collected at the end of the year are disclosed as pledges receivable and are recorded at their estimated fair values. They are subsequently valued at the present value of future cash flows. All contributions are expected to be collected in one year or less.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Accounting Estimates

The preparation of consolidated financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

ENA and ENAF are exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). ENA pays unrelated business income tax on advertising revenues derived from various ENA publications, as well as sponsorship revenues that provide marketing opportunities for the sponsor. Unrelated business income tax for the years ended December 31, 2019 and 2018 amounted to $51,852 and $48,833, respectively. Unrelated business income tax expense is included in programs, grants and scholarship expense on the consolidated statement of functional expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes, Continued

Management has concluded that as of December 31, 2019 and 2018, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Organization would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. The Organization is no longer subject to examination by federal, state or local tax authorities for periods before 2016.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization utilizes a direct coding methodology for a majority of their expenses, however, expenses classified as occupancy expenses on the consolidated statements of functional expenses are allocated on the basis of estimates of time and effort.

Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern. Management's assessment did not identify any conditions or events raising substantial doubt about the Organization's ability to continue as a going concern for the period from June 29, 2020 to June 29, 2021.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Change in Accounting Principle – Revenue from Contracts

The Organization has adopted the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09 – Revenue from Contracts with Customers (Topic 606) as of January 1, 2019 using the full retrospective method. Topic 606 supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis. The presentation and disclosure of revenue from contracts with customers has been enhanced in accordance with Topic 606 for all periods presented with no effect on net assets.

The Organization elected to use the portfolio approach practical expedient for revenues derived from courses, membership dues, conferences, publications, marketplace and sponsorships. The Organization's contracts with customers for conferences, membership dues, courses, publications, marketplace and sponsorships contain similar terms and as a result, the Organization has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. The Organization does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

Change in Accounting Principle – Contributions Received and Made

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made as of January 1, 2019. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. It also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Organization has implemented the provisions of ASU No. 2018-08 in the consolidated financial statements on a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU No. 2018-08.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statement of financial position and the liabilities for the obligations under the lease also be recognized on the statement of financial position. ASU No. 2016-02 requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Early adoption is permitted. ASU No. 2016-02 must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and the effect that ASU No. 2016-02 is expected to have on its financial position, results of operations, cash flows and related disclosures.

Subsequent Events

Subsequent events have been evaluated through June 29, 2020, the date that the consolidated financial statements were available for issue.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following tables reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, because donors have imposed restrictions on the use of the funds, or because the governing board has set aside the funds for a specific operational contingency reserve.

Liquidity and Availability as of December 31, 2019

	Total Per Statement of Financial Position	Funds Not Convertible to Cash Within One Year	Less: Funds Restricted by Donors	Less: Funds Restricted by Board for an Operating Reserve	Financial Assets Available for General Expenditures Within One Year
Cash and cash equivalents	$ 1,741,436	-	(46,751)	-	1,694,685
Accounts receivable, net	1,707,684	-	-	-	1,707,684
Grants receivable	16,723	-	-	-	16,723
Other receivables	47,188	-	-	-	47,188
Investments	19,826,403	-	(1,269,540)	(2,427,354)	16,129,509
Total financial assets	$ 23,339,434	-	(1,316,291)	(2,427,354)	19,595,789

Liquidity and Availability as of December 31, 2018

	Total Per Statement of Financial Position	Funds Not Convertible to Cash Within One Year	Less: Funds Restricted by Donors	Less: Funds Restricted by Board for an Operating Reserve	Financial Assets Available for General Expenditures Within One Year
Cash and cash equivalents	$ 1,036,093	-	(30,941)	-	1,005,152
Accounts receivable	1,928,635	-	-	-	1,928,635
Other receivables	47,080	-	-	-	47,080
Investments	18,824,849	-	(1,000,906)	(2,160,804)	15,663,139
Total financial assets	$ 21,836,657	-	(1,031,847)	(2,106,804)	18,644,006

The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. As of December 31, 2019 and 2018, donor-restricted endowment funds were not available for general expenditure.

The Organization's board-designated endowment of $1,925,444 and $1,658,894 as of December 31, 2019 and 2018, respectively, is subject to an annual spending rate of 5% as described in Note 12. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the ENAF Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3 - LIQUIDITY AND AVAILABILITY, CONTINUED

Additionally, the ENA Board has designated funds within the parameters of the ENA spending policy for utilizing reserves on identified projects. At December 31, 2019 and 2018 there was a balance of $501,910 with this designation, respectively. Although the Organization intends to spend these funds in accordance with the ENA spending policy referred to above, these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, cash in excess of current needs for expenses are invested in mutual funds. Investments are released to cover operating expenses as needed upon management approval. Additionally, the Organization maintains a line of credit that if deemed necessary can be drawn upon to cover operating expenses (Note 7).

NOTE 4 - PROPERTY AND EQUIPMENT

The useful lives for purposes of computing depreciation and amortization are as follows:

Buildings	40 years
Building improvements	30 - 40 years
Equipment	5 years
Program development	3 - 7 years
Furniture and fixtures	15 years
Computer software	3 - 7 years

Property and equipment is summarized as follows as of December 31, 2019 and 2018:

	2019	2018
Land	$ 1,492,112	1,492,112
Buildings	2,948,699	2,948,699
Building improvements	5,969,138	5,969,138
Equipment	262,170	254,189
Program development	815,584	805,182
Furniture and fixtures	1,286,753	1,249,399
Computer software	4,810,643	4,544,026
	17,585,099	17,262,745
Less accumulated depreciation and amortization	(5,318,227)	(4,900,855)
	$ 12,266,872	12,361,890

Depreciation expense of property and equipment charged to operations was $525,913 and $533,878 for the years ended December 31, 2019 and 2018, respectively. In addition, the Organization amortized development costs (included in programs, grants and scholarship expenses) for the years ended December 31, 2019 and 2018 in the amounts of $143,148 and $89,830, respectively.

NOTE 5 - INVESTMENTS

Investment income (loss) for the years ended December 31 2019 and 2018 were as follows:

	2019	2018
Interest and dividends	$ 615,504	643,398
Investment fees	(25,000)	(25,000)
Unrealized and realized gains (losses)	2,737,409	(1,596,869)
	$ 3,327,913	(978,471)

NOTE 6 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 6 - FAIR VALUE MEASUREMENTS, CONTINUED

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Mutual funds: Valued at the closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Interest rate swap: Valued using both observable and unobservable inputs when available and can generally be corroborated by market data.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets and liabilities reported at fair value consisted of the following at December 31:

	Fair Value at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds:				
Fixed income:				
Broad domestic	$ 4,492,275	-	-	4,492,275
High yield bonds	5,099,422	-	-	5,099,422
Short-term bonds	220,060	-	-	220,060
Equity:				
Domestic large cap	5,181,790	-	-	5,181,790
Domestic small/mid cap	1,001,768	-	-	1,001,768
International equity	1,859,880	-	-	1,859,880
Emerging markets	1,971,208	-	-	1,971,208
	$ 19,826,403	-	-	19,826,403
Liability -				
Interest rate swap	$ -	712,437	-	712,437

NOTE 6 - FAIR VALUE MEASUREMENTS, CONTINUED

	Fair Value at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds:				
Fixed income:				
Broad domestic	$ 3,873,859	-	-	3,873,859
High yield bonds	4,766,899	-	-	4,766,899
Short-term bonds	193,686	-	-	193,686
Equity:				
Domestic large cap	4,619,772	-	-	4,619,772
Domestic small/mid cap	793,459	-	-	793,459
International equity	1,646,632	-	-	1,646,632
Market neutral	1,005,331	-	-	1,005,331
Emerging markets	1,925,211	-	-	1,925,211
	$ 18,824,849	-	-	18,824,849
Liability -				
Interest rate swap	$ -	284,591	-	284,591

For the years ended December 31, 2019 and 2018, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

NOTE 7 - LINE OF CREDIT

In October 2017, the Organization obtained a line of credit of $6,000,000, bearing interest at 1% plus 30 day LIBOR. During 2018, the line of credit was amended to reflect a new borrowing limit of $2,500,000. During 2019, the line of credit was amended to reflect a new interest rate of 1.5% plus 30 day LIBOR and matures December 21, 2021. The line of credit bears interest at 1.5% plus 30 day LIBOR (3.20% at December 31, 2019). The outstanding balance on the line of credit was $1,099,209 and $1,107,591 at December 31, 2019 and 2018, respectively.

Restrictive covenants imposed under the line of credit require the Organization to maintain an unrestricted cash and investment to total fund debt of not less than 1.25 (ENA only). As of December 31, 2019 and 2018, this covenant was met.

NOTE 8 - BOND PAYABLE

On December 21, 2017, a Series 2017 Industrial Revenue Bond (Bond) was issued by the City of Watseka. The aggregate principal amount of the Bond is $10,000,000, of which $3,960,265 was remitted to the Organization as of December 31, 2017. During February 2018, the remaining balance of $6,039,735, was remitted to the Organization. The proceeds of the Bond were used to finance the purchase of the land and building in Schaumburg, IL. The maturity date of the Bond is December 21, 2047.

The Bond bears interest at variable rates throughout the life of the bond. As of December 31, 2019, the interest rate on the Bond is 2.52%. The Bond requires monthly payments of $28,736.

The Bond agreement requires the Organization to furnish audited financial statements 270 days after each year end.

There were debt issuance costs of $123,194 related to the bond issuance. Amortization expense for the years ended December 31, 2019 and 2018 was $7,792 and $8,065, respectively.

During 2018, the Organization entered into a $10,000,000 interest rate swap agreement with a bank to fix the rate on the variable rate bond and to manage the borrowing costs. The interest rate swap agreement has a termination date of December 10, 2027 and a fixed interest rate of 3.61%.

The settlement value of the interest rate swap at December 31, 2019 and 2018 was a liability of $712,437 and $284,591, respectively. The settlement rate was estimated using a present value calculation of the swap's remaining estimated cash flows, not adjusted for any nonperformance risk.

The Bond payable as of December 31, 2019 and 2018 consisted of the following:

	2019			2018		
	PRINCIPAL	DEBT ISSUE COSTS	NET	PRINCIPAL	DEBT ISSUE COSTS	NET
Bond	$ 9,655,168	107,337	9,547,831	10,000,000	115,129	9,884,871
Current portion	344,832	7,519	337,313	344,832	7,792	337,040
	$ 9,310,336	99,818	9,210,518	9,655,168	107,337	9,547,831

NOTE 8 - BOND PAYABLE, CONTINUED

Principal payments due on Bond payable during each of the next five years are as follows:

2020	$	344,832
2021		344,832
2022		344,832
2023		344,832
2024		344,832
Thereafter		7,931,008

NOTE 9 - OPERATING LEASES

The Organization is obligated under certain operating leases, primarily for certain office space and office equipment which expire on various dates until 2024.

Total rent expense under all operating leases amounted to $104,346 and $99,993 for the years ended December 31, 2019 and 2018, respectively.

The aggregate future minimum lease commitment on these leases as of December 31, 2019 is as follows:

2020	$	104,275
2021		106,828
2022		99,581
2023		88,094
2024		92,969
	$	491,747

NOTE 10 - RETIREMENT SAVINGS PLAN

ENA has a 401(k) defined contribution retirement savings plan (Plan) available to substantially all of the Organization's employees. ENA matches up to 4% of each employee's contribution to the Plan. The Plan also has a profit-sharing component. ENA's profit-sharing contribution is set each year as part of the budget process. In 2019 and 2018, ENA's profit-sharing contribution was 5% of each qualified employee's salary. ENA's contribution is funded on a current basis. Total contributions to the Plan in 2019 and 2018 were $679,760 and $603,512, respectively.

NOTE 11 - COMMITMENTS

The Organization has entered into a number of contracts with various vendors for space, hotel accommodations and ancillary services for future meetings. Minimum estimated cancellation fees are as follows:

2020	$ 164,045
2021	74,244
2022	-
2023	-
2024	2,040,450
	$ 2,278,739

NOTE 12 - ENDOWMENTS

The Organization's endowment includes three board-designated endowments established for the ENAF and eleven donor-restricted endowment funds primarily for the general operating purposes of the Organization, as well as for specific programs and scholarships. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Illinois adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on December 31, 2009. The Organization has adopted a spending policy that requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

As a result of this policy, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence described by UPMIFA.

NOTE 12 - ENDOWMENTS, CONTINUED

Interpretation of Relevant Law, Continued

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 policies of the Organization

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating annually no more than 5% of the prior three-year average of the fair market value of the endowment, including any capital appreciation and/or current yield. In establishing this policy, the Organization considered the long-term expected return on its endowments. This is consistent with the Organization's objective to maintain the fair value of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return. Donor-restricted endowments are spent in accordance with the donors' requirements; distributions are made for purposes that conform to the donors' stated intentions.

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). During 2018, unfavorable market fluctuations resulted in $2,849 of corpus required to be replenished. There were no funds with deficiencies for the year ended December 31, 2019.

NOTE 12 - ENDOWMENTS, CONTINUED

Endowment net asset composition by type of fund as of December 31, 2019:

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Board-designated endowment funds	$	1,925,444	-	1,925,444
Donor-restricted endowment funds				
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor		-	940,423	940,423
Accumulated investment gains		-	329,116	329,116
	$	1,925,444	1,269,539	3,194,983

Changes in endowment net assets for the year ended December 31, 2019:

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, January 1, 2019	$	1,658,894	1,000,906	2,659,800
Investment return, net		338,200	203,474	541,674
Appropriation of endowment assets for expenditures		(71,650)	(40,850)	(112,500)
Contributions		-	106,009	106,009
		266,550	268,633	535,183
Endowment net assets, December 31, 2019	$	1,925,444	1,269,539	3,194,983

NOTE 12 - ENDOWMENTS, CONTINUED

Endowment net asset composition by type of fund as of December 31, 2018:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Board-designated endowment funds	$ 1,658,894	-	1,658,894
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	834,414	834,414
Accumulated investment gains	-	166,492	166,492
	$ 1,658,894	1,000,906	2,659,800

Changes in endowment net assets for the year ended December 31, 2018:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, January 1, 2018	$ 1,805,757	998,034	2,803,791
Investment return, net	(83,234)	(52,476)	(135,710)
Appropriation of endowment assets for expenditures	(60,780)	(31,895)	(92,675)
Contributions	-	84,394	84,394
Replenishment of corpus	(2,849)	2,849	-
	(146,863)	2,872	(143,991)
Endowment net assets, December 31, 2018	$ 1,658,894	1,000,906	2,659,800

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

		2019	2018
Endowments:			
Karen O'Neil Endowed Scholarship Fund	$	109,337	92,898
New York State September 11 Endowment Fund		143,831	123,238
Judith C. Kelleher Memorial Endowment Fund		123,264	101,683
Anita Dorr Memorial Endowment Fund		1,932	1,588
Jeanette Ash Endowed Scholarship Fund		49,751	35,780
Richard Wynkoop Scholarship Fund		37,944	23,954
Elizabeth B. Moore Memorial Fund for Scholarships		129,771	111,947
Texas Endowed Scholarship Fund		106,308	49,233
Mildred Fincke Memorial Endowed Scholarship Fund		12,378	3,250
Joan Eberhardt Endowed Scholarship Fund		51,090	42,065
Peggy McCall Fund		25,000	-
General Endowment Fund		478,932	415,270
		1,269,538	1,000,906
Purpose restricted contributions		46,753	30,941
	$	1,316,291	1,031,847

NOTE 14 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from restrictions during the years ended December 31, 2019 and 2018, because donor restrictions were met by satisfying the stated purpose or time or other event are as follows:

		2019	2018
Scholarships	$	340,158	303,417
Research		-	3,720
	$	340,158	307,137

NOTE 15 - RECLASSIFICATIONS

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform with the year 2019 presentation.

NOTE 16 - SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. The extent of the impact of COVID-19 on the operational and financial performance of the Organization will depend on certain developments, including the duration and spread of the outbreak, impact on the contributors and vendors of the Organization, all of which are uncertain and cannot be predicted. At this time, the extent to which COVID-19 may impact the financial condition or results of operations of the Organization is uncertain.

In March 2020, the President of the United States of America signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act makes significant changes in the tax laws and provides direct economic assistance to businesses via the Paycheck Protection Program (PPP). In April 2020, the Organization received a loan through the PPP of approximately $1,940,000. Based on current provisions of the PPP, the Organization expects the majority of the loan received to be forgiven. As of the date the financial statements were available for issue, the extent to which the other provisions of the CARES Act may impact the Organization’s financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Finance Committee
Emergency Nurses Association
ENA Foundation Board of Trustees
Schaumburg, Illinois

We have audited the consolidated financial statements of Emergency Nurses Association and Affiliate as of and for the years ended December 31, 2019 and 2018, and our report thereon, which expresses an unmodified opinion on those consolidated financial statements appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mueller & Co., LLP

Elgin, Illinois
June 29, 2020

Certified Public Accountants ■ Business & Financial Advisors
Offices in Elgin, Orland Park & Chicago

EMERGENCY NURSES ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

		2019	2018
Current assets:			
Cash and cash equivalents	$	1,449,630	908,817
Receivables:			
Accounts receivable, net of allowance for doubtful accounts of $197,000 and $163,534 for 2019 and 2018, respectively		1,702,666	1,928,385
Grants receivable		16,723	-
Other receivables		47,188	47,080
Due from affiliate - ENA Foundation		7,900	6,005
Inventory		50,552	114,827
Prepaid expenses and other current assets		943,648	663,465
Total current assets		4,218,307	3,668,579
Property and equipment, net		12,259,640	12,352,640
Property held for sale		2,450,000	2,450,000
Investments		16,215,232	15,740,600
Total assets	$	35,143,179	34,211,819

LIABILITIES AND NET ASSETS

		2019	2018
Current liabilities:			
Accounts payable	$	766,377	787,995
Wages and benefits payable		944,905	824,467
Accrued expenses		612,605	702,803
Credits on customer accounts		230,910	630,284
Assessments payable		1,330,139	1,616,540
Line of credit		1,099,209	1,107,591
Current portion of deferred revenue		2,579,300	2,842,670
Current portion of bond payable		337,313	337,040
Total current liabilities		7,900,758	8,849,390
Long-term liabilities:			
Interest rate swap agreement		712,437	284,591
Deferred revenue, net of current portion		1,182,892	896,522
Bond payable, net of current portion		9,210,518	9,547,831
Total long-term liabilities		11,105,847	10,728,944
Total liabilities		19,006,605	19,578,334
Net assets -			
Without donor restrictions:			
Undesignated		15,634,664	14,131,575
Board designated		501,910	501,910
Total without donor restrictions		16,136,574	14,633,485
Total liabilities and net assets	$	35,143,179	34,211,819

See Independent Auditor's Report on Supplementary Information.

EMERGENCY NURSES ASSOCIATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Revenue, gains and other support:		
Courses	$ 14,897,385	11,959,342
Membership dues	4,258,905	4,264,519
Conferences	3,333,411	2,758,476
Publications	760,483	832,703
Marketplace	586,580	536,654
Sponsorships	499,010	398,000
Royalties	515,554	473,436
Other	480,881	202,965
Grants	80,988	26,953
Mailing lists	19,781	19,978
Donated services	95,000	95,000
Total revenue, gains and other support	25,527,978	21,568,026
Expenses:		
Programs, grants and scholarships	16,629,817	14,952,758
Management and general	7,818,966	6,973,126
Fundraising and development	1,443,210	1,369,660
Total expenses	25,891,993	23,295,544
Decrease in net assets - before other income	(364,015)	(1,727,518)
Other income (expense):		
Interest expense	(403,661)	(318,178)
Rental income	-	142,522
Investment income (loss), net	2,698,611	(810,532)
Loss on interest rate swap agreement	(427,846)	(284,591)
Loss on assets held for sale	-	(49,297)
	1,867,104	(1,320,076)
Change in net assets	1,503,089	(3,047,594)
Net assets, beginning of year	14,633,485	17,681,079
Net assets, end of year	$ 16,136,574	14,633,485

See Independent Auditor's Report on Supplementary Information.

EMERGENCY NURSES ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

		PROGRAMS, GRANTS AND SCHOLARSHIPS	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL
Payroll expenses:					
Salaries and wages	$	4,480,504	3,435,341	725,819	8,641,664
Employee benefits		959,231	722,663	170,821	1,852,715
Payroll taxes		345,611	245,559	59,084	650,254
		5,785,346	4,403,563	955,724	11,144,633
Operating expenses:					
Advertising and promotion		156,716	-	-	156,716
Discount on sales		174,041	-	-	174,041
Bad debt expense		39,553	-	-	39,553
Bank and credit card fees		-	427,023	-	427,023
Computer		176,130	650,178	158	826,466
Conferences		2,340,523	104,978	28,646	2,474,147
Cost of goods sold		1,830,712	-	-	1,830,712
Depreciation and amortization		299,642	125,162	27,085	451,889
Fulfillment and warehousing services		271,831	-	-	271,831
Grants and scholarships		521,508	162,996	107,356	791,860
Insurance		55,441	50,586	-	106,027
Miscellaneous		113,619	81,974	147	195,740
Postage, freight and shipping		256,042	3,746	20,208	279,996
Printing		309,024	11,119	739	320,882
Professional services		471,390	528,020	184,965	1,184,375
Provision for UBIT		51,852	-	-	51,852
Public relations		26,455	450	-	26,905
Recruitment fees		1,125	68,819	-	69,944
Stipends		143,690	142,000	-	285,690
Supplies and equipment		69,255	90,134	5,159	164,548
Temporary workers		211,305	38,034	-	249,339
Training		36,068	222,051	1,958	260,077
Travel		545,043	291,403	23,466	859,912
		8,100,965	2,998,673	399,887	11,499,525
Occupancy expenses:					
Building maintenance		126,100	94,576	21,825	242,501
Depreciation		115,932	86,949	20,065	222,946
Insurance		9,293	6,969	1,608	17,870
Real estate taxes		190,184	142,639	32,916	365,739
Rent		38,646	37,130	-	75,776
Telephone		7,892	5,919	1,366	15,177
Utilities		56,731	42,548	9,819	109,098
		544,778	416,730	87,599	1,049,107
Assessment expenses:					
State/chapter membership dues		527,315	-	-	527,315
ENPC/TNCC		1,671,413	-	-	1,671,413
		2,198,728	-	-	2,198,728
	$	16,629,817	7,818,966	1,443,210	25,891,993

See Independent Auditor's Report on Supplementary Information.

EMERGENCY NURSES ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	PROGRAMS, GRANTS AND SCHOLARSHIPS	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL
Payroll expenses:				
Salaries and wages	$ 4,080,579	2,893,453	695,281	7,669,313
Employee benefits	934,075	675,292	177,311	1,786,678
Payroll taxes	309,453	204,551	53,920	567,924
	5,324,107	3,773,296	926,512	10,023,915
Operating expenses:				
Advertising and promotion	58,490	-	235	58,725
Discount on sales	147,762	-	-	147,762
Bad debt expense	36,070	-	-	36,070
Bank and credit card fees	-	332,175	-	332,175
Computer	211,365	582,094	138	793,597
Conferences	2,458,713	61,311	29,010	2,549,034
Cost of goods sold	499,837	-	-	499,837
Depreciation and amortization	264,604	134,290	22,656	421,550
Fulfillment and warehousing services	266,662	-	-	266,662
Grants and scholarships	325,757	148,185	80,167	554,109
Insurance	56,360	45,687	-	102,047
Miscellaneous	51,491	93,635	128	145,254
Postage, freight and shipping	271,082	3,089	30,431	304,602
Printing	351,185	9,007	918	361,110
Professional services	645,529	414,093	179,161	1,238,783
Provision for UBIT	48,833	-	-	48,833
Public relations	6,371	-	-	6,371
Recruitment fees	2,800	142,120	-	144,920
Stipends	175,267	142,000	-	317,267
Supplies and equipment	73,369	77,236	2,179	152,784
Temporary workers	325,543	141,046	11,758	478,347
Training	41,803	163,922	509	206,234
Travel	443,936	284,530	15,520	743,986
	6,762,829	2,774,420	372,810	9,910,059
Occupancy expenses:				
Building maintenance	89,816	64,864	11,640	166,320
Depreciation	112,522	81,265	14,586	208,373
Insurance	10,174	7,348	1,319	18,841
Real estate taxes	271,587	196,147	35,206	502,940
Rent	34,887	33,519	-	68,406
Telephone	5,923	4,278	768	10,969
Utilities	52,600	37,989	6,819	97,408
	577,509	425,410	70,338	1,073,257
Assessment expenses:				
State/chapter membership dues	584,405	-	-	584,405
ENPC/TNCC	1,703,908	-	-	1,703,908
	2,288,313	-	-	2,288,313
	$ 14,952,758	6,973,126	1,369,660	23,295,544

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EMERGENCY NURSES ASSOCIATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

		2019	2018
Cash provided by (applied to) operating activities:			
Change in net assets	$	1,503,089	(3,047,594)
Adjustments to reconcile change in net assets to net cash applied to operating activities:			
Depreciation and amortization of property and equipment		667,043	621,858
Amortization of debt issuance costs		7,792	8,065
Loss on interest rate swap agreement		427,846	284,591
Loss on property held for sale		-	49,297
Bad debt (recovery) expense		33,466	(13,567)
Realized and unrealized (gain) loss on investments		(2,213,769)	1,339,380
Decrease (increase) in assets:			
Accounts receivable, net of change in allowance		192,253	(376,279)
Grants receivable		(16,723)	-
Other receivables		(108)	(30,326)
Due (to) from affiliate - ENA Foundation		(1,895)	10,808
Inventory		64,275	(53,526)
Prepaid expenses and other assets		(280,183)	(290,434)
Increase (decrease) in liabilities:			
Accounts payable		(21,618)	419,806
Wages and benefits payable		120,438	66,643
Accrued expenses		(90,198)	46,306
Credits on customer accounts		(399,374)	(269,679)
Assessments payable		(286,401)	14,503
Deferred revenue		23,000	(32,166)
		(271,067)	(1,252,314)
Cash provided by (applied to) investing activities:			
Purchases of property and equipment		(574,043)	(7,399,603)
Purchases of investments		(2,331,312)	(7,228,425)
Proceeds from sale and maturities of investments		4,070,449	8,628,230
		1,165,094	(5,999,798)
Cash provided by (applied to) financing activities:			
Proceeds from line of credit		-	1,107,591
Payments on line of credit		(8,382)	-
Proceeds from bond payable		-	6,039,735
Payments on bonds payable		(344,832)	-
		(353,214)	7,147,326
Net increase (decrease) in cash and cash equivalents		540,813	(104,786)
Cash and cash equivalents, beginning of year		908,817	1,013,603
Cash and cash equivalents, end of year	$	1,449,630	908,817
Other cash flow information:			
Interest paid	$	403,661	318,178
Income taxes paid	$	53,000	88,000

See Independent Auditor's Report on Supplementary Information.

ENA FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

		2019	2018
Current assets:			
Cash and cash equivalents	$	291,806	127,276
Accounts receivable		5,018	250
Total current assets		296,824	127,526
Property and equipment, net		7,232	9,250
Investments		3,611,171	3,084,249
Total assets	$	3,915,227	3,221,025

LIABILITIES AND NET ASSETS

		2019	2018
Current liabilities:			
Accounts payable	$	7,369	1,417
Due to affiliate - ENA		7,900	6,005
Total current liabilities		15,269	7,422
Net assets:			
Without donor restrictions:			
Undesignated		658,223	522,862
Board designated		1,925,444	1,658,894
Total without donor restrictions		2,583,667	2,181,756
With donor restrictions		1,316,291	1,031,847
Total net assets		3,899,958	3,213,603
Total liabilities and net assets	$	3,915,227	3,221,025

See Independent Auditor's Report on Supplementary Information.

ENA FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Support, revenues and other additions -						
Support:						
Contributions	$ 510,783	421,128	931,911	414,793	393,426	808,219
Special events revenue, net of direct expenses	52,389	-	52,389	49,217	-	49,217
Net assets released from restrictions	340,158	(340,158)	-	307,137	(307,137)	-
Total revenue, gains and other support	903,330	80,970	984,300	771,147	86,289	857,436
Expenses:						
Programs, grants and scholarships	575,648	-	575,648	515,049	-	515,049
Management and general	226,616	-	226,616	246,217	-	246,217
Fundraising and development	124,983	-	124,983	87,189	-	87,189
Total expenses	927,247	-	927,247	848,455	-	848,455
Increase (decrease) in net assets - before other income	(23,917)	80,970	57,053	(77,308)	86,289	8,981
Other income (expense) -						
Investment income (loss), net	425,828	203,474	629,302	(115,463)	(52,476)	(167,939)
Change in net assets	401,911	284,444	686,355	(192,771)	33,813	(158,958)
Net assets, beginning of year	2,181,756	1,031,847	3,213,603	2,374,527	998,034	3,372,561
Net assets, end of year	$ 2,583,667	1,316,291	3,899,958	2,181,756	1,031,847	3,213,603

See Independent Auditor's Report on Supplementary Information.

ENA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

		PROGRAMS, GRANTS AND SCHOLARSHIPS	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL
Operating expenses:					
Bank charges and credit card processing fees	$	-	276	-	276
Computer		-	5,521	-	5,521
Conferences		-	1,054	11,154	12,208
Depreciation		-	2,018	-	2,018
Grants and scholarships		461,519	-	-	461,519
Insurance		-	480	-	480
Miscellaneous		-	859	155	1,014
Postage, freight and shipping		-	144	404	548
Printing		-	504	6,400	6,904
Professional services		114,129	188,668	104,992	407,789
Supplies and equipment		-	3,258	852	4,110
Temporary workers		-	1,598	-	1,598
Travel		-	22,236	1,026	23,262
	$	575,648	226,616	124,983	927,247

See Independent Auditor's Report on Supplementary Information.

ENA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

		PROGRAMS, GRANTS AND SCHOLARSHIPS	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL
Operating expenses:					
Computer	$	-	7,872	-	7,872
Conferences		-	4,275	-	4,275
Depreciation		-	1,850	-	1,850
Grants and scholarships		437,292	-	-	437,292
Insurance		-	480	-	480
Miscellaneous		-	439	4,550	4,989
Postage, freight and shipping		-	1,379	1,001	2,380
Printing		-	12,115	400	12,515
Professional services		77,757	166,927	80,167	324,851
Supplies and equipment		-	909	1,071	1,980
Temporary workers		-	21,697	-	21,697
Travel		-	28,274	-	28,274
	$	515,049	246,217	87,189	848,455

See Independent Auditor's Report on Supplementary Information.

ENA FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

		2019	2018
Cash provided by (applied to) operating activities:			
Change in net assets	$	686,355	(158,958)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation of property and equipment		2,018	1,850
Realized and unrealized (gain) loss on investments		(523,640)	257,489
Contributions restricted for investment in endowment		(106,009)	(84,394)
Decrease (increase) in assets:			
Accounts receivable		(4,768)	(250)
Prepaid expenses and other assets		-	6,351
Increase (decrease) in liabilities:			
Accounts payable		5,952	(3,419)
Due (to) from affiliate - ENA		1,895	(10,808)
		61,803	7,861
Cash provided by (applied to) investing activities:			
Purchases of investments		(409,335)	(885,320)
Proceeds from sale and maturities of investments		406,053	802,325
		(3,282)	(82,995)
Cash provided by financing activities -			
Collections of contributions restricted for investment in endowment		106,009	84,394
Net increase in cash and cash equivalents		164,530	9,260
Cash and cash equivalents, beginning of year		127,276	118,016
Cash and cash equivalents, end of year	$	291,806	127,276

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