



# MUELLER & CO., LLP

*Certified Public Accountants – Business & Financial Advisors*

ASSURANCE

## **EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

### **AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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

MUELLER

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## CONTENTS

	<u>PAGE</u>
<b>Consolidated Financial Statements</b>	
Independent Auditor’s Report .....	1-2
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities and Changes in Net Assets .....	4
Consolidated Statements of Cash Flows .....	5
Consolidated Statement of Functional Expenses .....	6
Notes to Consolidated Financial Statements .....	7-25
<b>Supplementary Information</b>	
Independent Auditor’s Report on Supplementary Information .....	26
<b>Emergency Nurses Association</b>	
Statements of Financial Position .....	27
Statements of Activities and Changes in Net Assets .....	28
Statements of Cash Flows .....	29
Statement of Functional Expenses .....	30
<b>ENA Foundation</b>	
Statements of Financial Position .....	31
Statements of Activities and Changes in Net Assets .....	32
Statements of Cash Flows .....	33
Statement of Functional Expenses .....	34



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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, 2018 and 2017 and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, the consolidated statement of functional expenses for the year ended December 31, 2018 and the related notes to the consolidated financial statements.

### **Management's Responsibility for the 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, 2018 and 2017, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity 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, 2018, Emergency Nurses Association and Affiliate adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Muller & Co., LLP*

Elgin, Illinois  
July 26, 2019

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,036,093	1,131,619
Accounts receivable, net of allowance for doubtful accounts of \$163,534 and \$177,101 for 2018 and 2017, respectively	1,928,635	1,538,539
Other receivables	47,080	16,754
Inventory	114,827	61,301
Prepaid expenses and other current assets	<u>663,465</u>	<u>379,382</u>
Total current assets	3,790,100	3,127,595
<b>Property and equipment, net</b>	12,361,890	8,085,292
<b>Property held for sale</b>	2,450,000	-
<b>Investments</b>	<u>18,824,849</u>	<u>21,738,528</u>
Total assets	<u>\$ 37,426,839</u>	<u>32,951,415</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 789,412	373,025
Wages and benefits payable	824,467	757,824
Accrued expenses	702,803	656,497
Credits on customer accounts	630,284	899,963
Assessments payable	1,616,540	1,602,037
Line of credit	1,107,591	-
Current portion of deferred revenue	2,842,670	3,088,599
Current portion of bond payable	<u>337,040</u>	<u>-</u>
Total current liabilities	<u>8,850,807</u>	<u>7,377,945</u>
<b>Long-term liabilities:</b>		
Interest rate swap agreement	284,591	-
Deferred revenue, net of current portion	896,522	682,759
Bond payable	<u>9,547,831</u>	<u>3,837,071</u>
Total long-term liabilities	<u>10,728,944</u>	<u>4,519,830</u>
Total liabilities	<u>19,579,751</u>	<u>11,897,775</u>
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	14,654,437	17,921,459
Board designated	<u>2,160,804</u>	<u>2,134,147</u>
Total without donor restrictions	16,815,241	20,055,606
With donor restrictions	<u>1,031,847</u>	<u>998,034</u>
Total net assets	<u>17,847,088</u>	<u>21,053,640</u>
Total liabilities and net assets	<u>\$ 37,426,839</u>	<u>32,951,415</u>

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, 2018 AND 2017**

	2018			2017		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>Revenue, Gains and Other Support:</b>						
Courses	\$ 11,959,342	-	11,959,342	11,802,333	-	11,802,333
Membership dues	4,264,519	-	4,264,519	4,210,430	-	4,210,430
Conferences	2,758,476	-	2,758,476	2,652,563	-	2,652,563
Publications	832,703	-	832,703	833,903	-	833,903
Marketplace	536,654	-	536,654	400,675	-	400,675
Sponsorships	398,000	-	398,000	365,415	-	365,415
Royalties	473,436	-	473,436	312,712	-	312,712
Other	202,965	-	202,965	236,093	-	236,093
Grants	26,953	-	26,953	66,847	-	66,847
Mailing lists	19,978	-	19,978	27,927	-	27,927
Contributions	110,084	393,426	503,510	145,350	241,311	386,661
Donated services	95,000	-	95,000	145,000	-	145,000
Special event revenue, net of direct expenses of \$6,789 and \$27,613 for 2018 and 2017, respectively	49,217	-	49,217	55,396	-	55,396
Net assets released from restrictions	307,137	(307,137)	-	249,962	(249,962)	-
<b>Total revenue, gains and other support</b>	<b>22,034,464</b>	<b>86,289</b>	<b>22,120,753</b>	<b>21,504,606</b>	<b>(8,651)</b>	<b>21,495,955</b>
<b>Expenses:</b>						
Programs, grants and scholarships	15,390,050	-	15,390,050	14,584,315	-	14,584,315
Management and general	7,144,789	-	7,144,789	5,595,079	-	5,595,079
Fundraising and development	1,329,451	-	1,329,451	1,424,854	-	1,424,854
<b>Total expenses</b>	<b>23,864,290</b>	<b>-</b>	<b>23,864,290</b>	<b>21,604,248</b>	<b>-</b>	<b>21,604,248</b>
<b>Increase (decrease) in net assets - before other income</b>	<b>(1,829,826)</b>	<b>86,289</b>	<b>(1,743,537)</b>	<b>(99,642)</b>	<b>(8,651)</b>	<b>(108,293)</b>
<b>Other income (expense):</b>						
Interest expense	(318,178)	-	(318,178)	(17,225)	-	(17,225)
Rental income	142,522	-	142,522	159,855	-	159,855
Investment income (loss)	(900,995)	(52,476)	(953,471)	1,918,042	132,314	2,050,356
Loss on interest rate swap agreement	(284,591)	-	(284,591)	-	-	-
Loss on property held for sale	(49,297)	-	(49,297)	-	-	-
	(1,410,539)	(52,476)	(1,463,015)	2,060,672	132,314	2,192,986
<b>Change in net assets</b>	<b>(3,240,365)</b>	<b>33,813</b>	<b>(3,206,552)</b>	<b>1,961,030</b>	<b>123,663</b>	<b>2,084,693</b>
<b>Net assets, beginning of year</b>	<b>20,055,606</b>	<b>998,034</b>	<b>21,053,640</b>	<b>18,094,576</b>	<b>874,371</b>	<b>18,968,947</b>
<b>Net assets, end of year</b>	<b>\$ 16,815,241</b>	<b>1,031,847</b>	<b>17,847,088</b>	<b>20,055,606</b>	<b>998,034</b>	<b>21,053,640</b>

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, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash provided by (applied to) operating activities:</b>		
Change in net assets	\$ (3,206,552)	2,084,693
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation and amortization of property and equipment	623,708	500,569
Amortization of debt issuance costs	8,065	-
Loss on interest rate swap agreement	284,591	-
Loss on property held for sale	49,297	-
Bad debt (recover) expense	(13,567)	21,073
Realized and unrealized (gain) loss on investments	1,596,869	(1,494,241)
Contributions restricted for investment in endowments	(84,394)	(28,710)
Decrease (increase) in assets:		
Accounts receivable, net of change in allowance for doubtful accounts	(376,529)	(48,971)
Other receivables	(30,326)	(16,754)
Inventory	(53,526)	42,286
Prepaid expenses and other current assets	(284,083)	(155,777)
Increase (decrease) in liabilities:		
Accounts payable	416,387	156,050
Wages and benefits payable	66,643	(137,386)
Accrued expenses	46,306	379,141
Credits on customer accounts	(269,679)	59,254
Assessments payable	14,503	105,535
Deferred revenue	(32,166)	(139,271)
	<u>(1,244,453)</u>	<u>1,327,491</u>
<b>Cash provided by (applied to) investing activities:</b>		
Purchases of property and equipment	(7,399,603)	(1,279,099)
Purchase of investments	(8,113,745)	(5,613,423)
Proceeds from sale and maturities of investments	<u>9,430,555</u>	<u>5,983,190</u>
	<u>(6,082,793)</u>	<u>(909,332)</u>
<b>Cash provided by financing activities:</b>		
Collections of contributions restricted for investment in endowments	84,394	28,710
Proceeds from line of credit	1,107,591	-
Proceeds from bond payable	<u>6,039,735</u>	<u>-</u>
	<u>7,231,720</u>	<u>28,710</u>
Net increase (decrease) in cash and cash equivalents	(95,526)	446,869
Cash and cash equivalents, beginning of year	<u>1,131,619</u>	<u>684,750</u>
Cash and cash equivalents, end of year	\$ <u><u>1,036,093</u></u>	\$ <u><u>1,131,619</u></u>
<b>Noncash investing and financing transactions -</b>		
Line of credit and bond proceeds used for purchase of property and equipment	\$ <u><u>-</u></u>	<u><u>3,837,071</u></u>
<b>Other cash flow information:</b>		
Interest paid	\$ <u><u>318,178</u></u>	<u><u>-</u></u>
Income taxes paid	\$ <u><u>88,000</u></u>	<u><u>128,069</u></u>

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
<b>Payroll expenses:</b>				
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
	<u>5,401,864</u>	<u>3,920,081</u>	<u>1,006,679</u>	<u>10,328,624</u>
<b>Operating expenses:</b>				
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
Investment fees	-	25,000	-	25,000
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	481,466	131,930	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
	<u>7,122,364</u>	<u>2,799,298</u>	<u>252,434</u>	<u>10,174,096</u>
<b>Occupancy expenses:</b>				
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
	<u>577,509</u>	<u>425,410</u>	<u>70,338</u>	<u>1,073,257</u>
<b>Assessment expenses:</b>				
State/chapter membership dues	584,405	-	-	584,405
ENPC/TNCC	1,703,908	-	-	1,703,908
	<u>2,288,313</u>	<u>-</u>	<u>-</u>	<u>2,288,313</u>
	<u>\$ 15,390,050</u>	<u>7,144,789</u>	<u>1,329,451</u>	<u>23,864,290</u>

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



## EMERGENCY NURSES ASSOCIATION AND AFFILIATE

### NOTES TO 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 42,500.

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.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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, 2018 and 2017, there was no allowance for obsolete and excess inventory recorded.

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, 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.

## EMERGENCY NURSES ASSOCIATION AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

##### 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.

##### Deferred Revenue

Deferred revenue includes that portion of ENA membership dues that have not been earned as of the report date. ENA offers membership categories of one year, three years, five years and lifetime.

Membership dues revenue is recognized on a prorated monthly basis over the term of the membership. The lifetime membership is recognized over a 13 year period.

Deferred revenue also includes ENA conference fees collected in the year prior to the conference and ENA course fees collected in the year prior to the course. Course revenue is recognized in the period in which the course is given, publication revenue is recognized in the period(s) published and marketplace revenue is recognized when goods are shipped.

##### 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.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Net Assets, Continued

*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 \$469,385 and \$636,978 at December 31, 2018 and 2017, respectively. The Organization believes it is not exposed to any significant credit risk on cash.

The Organization maintains its investments in broker accounts which, at times, may exceed federally insured limits. As of December 31, 2018 and 2017, the Organization's uninsured investment balance was \$17,920,644 and \$20,857,207, respectively. The Organization believes it is not exposed to any significant credit risk on cash.

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.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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, 2018 and 2017 amounted to \$48,833 and \$75,731, respectively. Unrelated business income tax expense is included in programs, grants and scholarship expense on the consolidated statement of functional expenses.

Management has concluded that as of December 31, 2018 and 2017, 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 2015.

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 statement of functional expenses presents 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. Expenses are allocated on the basis of estimates of time and effort.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Going Concern Evaluation

In accordance with Accounting Standards Board (ASU) No. 2014-15 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 July 26, 2019 to July 26, 2020.

Change in Accounting Principle – Financial Statement Presentation

On August 18, 2016, the Financial Accounting Standard Board (FASB) issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU No. 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly.

The primary differences between these and previously-issued financial statements, as they relate to the Organization, are: 1) the renaming of the captions in the consolidated statement of financial position and consolidated statement of activities and changes in net assets from unrestricted and temporarily restricted net assets to net assets without donor restrictions and net assets with donor restrictions, respectively; 2) the inclusion of a consolidated statement of functional expenses (required only for 2018); and 3) the new footnote disclosure of quantitative and qualitative information concerning the Organization's liquidity.

New Accounting Standard – Revenue from Contracts

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional consolidated financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2014-09 and the effect that ASU No. 2014-09 is expected to have on its financial position, results of operations, cash flows and related disclosures.

## EMERGENCY NURSES ASSOCIATION AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

##### New Accounting Standard – Contributions Received and Made

In June 2018, 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. The update improves the current guidance on determining whether transactions are contributions or exchange transactions. The update 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. ASU No. 2018-08 is effective for resource recipients for annual reporting periods beginning after December 15, 2018 and for resource providers for annual reporting periods beginning after December 15, 2019. The Organization is currently evaluating the methods of adoption permitted by ASU No. 2018-08 and the effect that ASU No. 2018-08 is expected to have on its financial position, results of operations, cash flows and related disclosures.

##### 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, 2019 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 July 26, 2019, the date that the consolidated financial statements were available for issue.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

The following table reflects the Organization's financial assets as of December 31, 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.

	Total Per Statement of Financial Position	Funds Not Convertible to Cash Within One Year	Less: Funds Restricted by Donors	Less: Funds Designated 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, net	1,928,635	-	-	-	1,928,635
Other receivables	47,080	-	-	-	47,080
Investments	<u>18,824,849</u>	-	<u>( 1,000,906)</u>	<u>( 2,160,804)</u>	<u>15,663,139</u>
 Total financial assets	 \$ <u>21,836,657</u>	 -	 <u>( 1,031,847)</u>	 <u>( 2,160,804)</u>	 <u>18,644,006</u>

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

The Organization's board-designated endowment of \$1,658,894 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.

Additionally, the ENA Board has designated funds within the parameters of the ENA spending policy for utilizing reserves on identified projects. At December 31, 2018 there was a balance of \$501,910 with this designation.

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).



**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,492,112	2,022,112
Buildings	2,948,699	6,088,900
Building improvements	5,969,138	528,280
Equipment	254,189	490,860
Program development	805,182	503,435
Furniture and fixtures	1,249,399	281,578
Computer software	<u>4,544,026</u>	<u>4,572,099</u>
	17,262,745	14,487,264
Less accumulated depreciation and amortization	( <u>4,900,855</u> )	( <u>6,401,972</u> )
	\$ <u><u>12,361,890</u></u>	<u><u>8,085,292</u></u>

Depreciation expense of property and equipment charged to operations was \$533,878 and \$429,785 for the years ended December 31, 2018 and 2017, respectively. In addition, the Organization amortized development costs (included in programs, grants and scholarship expenses) for the years ended December 31, 2018 and 2017 in the amounts of \$89,830 and \$70,784, respectively.

**NOTE 5 - INVESTMENTS**

Investment income (loss) for the years ended December 31 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 643,398	556,115
Unrealized and realized gains (losses)	( <u>1,596,869</u> )	<u>1,494,241</u>
	\$ ( <u><u>953,471</u></u> )	<u><u>2,050,356</u></u>

Investment fees for the years ended December 31, 2018 and 2017 were \$25,000.

## EMERGENCY NURSES ASSOCIATION AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 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.

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, 2018 and 2017.

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.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 6 - FAIR VALUE MEASUREMENTS, CONTINUED**

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, 2018:

	<b>Fair Value at December 31, 2018</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
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	<u>1,925,211</u>	<u>-</u>	<u>-</u>	<u>1,925,211</u>
	<u>\$ 18,824,849</u>	<u>-</u>	<u>-</u>	<u>18,824,849</u>
<b>Liability -</b>				
Interest rate swap	<u>\$ -</u>	<u>284,591</u>	<u>-</u>	<u>284,591</u>

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 6 - FAIR VALUE MEASUREMENTS, CONTINUED**

Assets reported at fair value consisted of the following at December 31, 2017:

	<b>Fair Value at December 31, 2017</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
Mutual funds:				
Fixed income:				
Broad domestic	\$ 5,402,586	-	-	5,402,586
International bonds	61,757	-	-	61,757
High yield bonds	3,911,468	-	-	3,911,468
Short-term bonds	2,605,400	-	-	2,605,400
Equity:				
Domestic large cap	4,623,889	-	-	4,623,889
Domestic small/mid cap	1,060,641	-	-	1,060,641
International equity	1,513,190	-	-	1,513,190
Market neutral	792,858	-	-	792,858
Emerging markets	1,454,694	-	-	1,454,694
Real estate funds	146,268	-	-	146,268
Commodities	<u>165,777</u>	<u>-</u>	<u>-</u>	<u>165,777</u>
	<u>\$ 21,738,528</u>	<u>-</u>	<u>-</u>	<u>21,738,528</u>

For the years ended December 31, 2018 and 2017, 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 and matures December 21, 2019. The line of credit bears interest at 1% plus 30 day LIBOR (2.50% at December 31, 2018). The outstanding balance on the line of credit was \$1,107,591 and \$0 at December 31, 2018 and 2017, 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, 2018, this covenant was met.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 8 - BOND PAYABLE**

On December 21, 2017, 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, 2018, the interest rate on the Bond is 3.09%. Principal payments on the Bond are not due until January 2019.

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, 2018 and 2017 was \$8,065 and \$0, 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, 2018 was a liability of \$284,591. 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, 2018 and 2017 consisted of the following:

	2018			2017		
	PRINCIPAL	DEBT ISSUE COSTS	NET	PRINCIPAL	DEBT ISSUE COSTS	NET
Bond	\$ 10,000,000	115,129	9,884,871	3,960,265	123,194	3,837,071
Current portion	344,832	7,792	337,040	-	-	-
	\$ 9,655,168	107,337	9,547,831	3,960,265	123,194	3,837,071

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 8 - BOND PAYABLE, CONTINUED**

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

2019	\$	344,832
2020		344,832
2021		344,832
2022		344,832
2023		344,832
Thereafter		8,275,840

**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 2023.

Total rent expense under all operating leases amounted to \$99,993 and \$99,576 for the years ended December 31, 2018 and 2017, respectively.

The aggregate future minimum lease commitment on these leases as of December 31, 2018 is as follows:

2019	\$	104,380
2020		108,550
2021		112,970
2022		105,170
2023		<u>94,051</u>
	\$	<u><u>525,121</u></u>

**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 2018 and 2017, 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 2018 and 2017 were \$603,512 and \$483,197, respectively.

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**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:

2019	\$	618,010
2020		1,765,111
2021		-
2022		-
2023		-
Thereafter		<u>2,040,450</u>
	\$	<u>4,423,571</u>

**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.

## EMERGENCY NURSES ASSOCIATION AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 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, 2017.



**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 12 - ENDOWMENTS, CONTINUED**

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

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
Board-designated endowment funds	\$ 1,658,894	-	<u>1,658,894</u>
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	<u>-</u>	<u>166,492</u>	<u>166,492</u>
	\$ <u>1,658,894</u>	<u>1,000,906</u>	<u>2,659,800</u>

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

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
Endowment net assets, January 1, 2018	\$ 1,805,757	998,034	<u>2,803,791</u>
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	-
	<u>( 146,863)</u>	<u>2,872</u>	<u>( 143,991)</u>
Endowment net assets, December 31, 2018	\$ <u>1,658,894</u>	<u>1,000,906</u>	<u>2,659,800</u>

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 12 - ENDOWMENTS, CONTINUED**

Endowment net asset composition by type of fund as of December 31, 2017:

		WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
Board-designated endowment funds	\$	<u>1,805,757</u>	<u>-</u>	<u>1,805,757</u>
Donor-restricted endowment funds				
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor		-	750,020	750,020
Accumulated investment gains		<u>-</u>	<u>248,014</u>	<u>248,014</u>
	\$	<u>1,805,757</u>	<u>998,034</u>	<u>2,803,791</u>

Changes in endowment net assets for the year ended December 31, 2017:

		WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
Endowment net assets, January 1, 2017	\$	<u>1,142,840</u>	<u>874,371</u>	<u>2,017,211</u>
Investment return, net		218,556	132,314	350,870
Appropriation of endowment assets for expenditures	(\$	55,639)	37,361)	93,000)
Contributions		<u>500,000</u>	<u>28,710</u>	<u>528,710</u>
		<u>662,917</u>	<u>123,663</u>	<u>786,580</u>
Endowment net assets, December 31, 2017	\$	<u>1,805,757</u>	<u>998,034</u>	<u>2,803,791</u>

**EMERGENCY NURSES ASSOCIATION AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following:

	<u>2018</u>	<u>2017</u>
Endowments:		
Karen O'Neil Endowed Scholarship Fund	\$ 92,898	100,232
New York State September 11 Endowment Fund	123,238	128,652
Judith C. Kelleher Memorial Endowment Fund	101,683	103,990
Anita Dorr Memorial Endowment Fund	1,588	1,709
Jeanette Ash Endowed Scholarship Fund	35,780	38,890
Richard Wynkoop Scholarship Fund	23,954	18,176
Elizabeth B. Moore Memorial Fund for Scholarships	111,947	123,488
Texas Endowed Scholarship Fund	49,233	30,762
Mildred Fincke Memorial Endowed Scholarship Fund	3,250	-
Joan Eberhardt Endowed Scholarship Fund	42,065	-
General Endowment Fund	<u>415,270</u>	<u>452,135</u>
	<u>1,000,906</u>	<u>998,034</u>
 Purpose restricted contributions	 <u>30,941</u>	 <u>-</u>
	\$ <u>1,031,847</u>	<u>998,034</u>

**NOTE 14 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets released from restrictions during the years ended December 31, 2018 and 2017, because donor restrictions were met by satisfying the stated purpose or time or other event are as follows:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 303,417	248,426
Research	<u>3,720</u>	<u>1,536</u>
	\$ <u>307,137</u>	<u>249,962</u>

**NOTE 15 - RECLASSIFICATIONS**

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform with the year 2018 presentation.

**S U P P L E M E N T A R Y I N F O R M A T I O N**



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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, 2018 and 2017, 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  
July 26, 2019

**EMERGENCY NURSES ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	2018	2017
<b>Current assets:</b>		
Cash and cash equivalents	\$ 908,817	1,013,603
Receivables:		
Accounts receivable, net of allowance for doubtful accounts of \$163,534 and \$177,101 for 2018 and 2017, respectively	1,928,385	1,538,539
Other receivables	47,080	16,754
Due from affiliate - ENA Foundation	6,005	16,813
Inventory	114,827	61,301
Prepaid expenses and other current assets	663,465	373,031
Total current assets	3,668,579	3,020,041
<b>Property and equipment, net</b>	12,352,640	8,074,192
<b>Property held for sale</b>	2,450,000	-
<b>Investments</b>	15,740,600	18,479,785
Total assets	\$ 34,211,819	29,574,018

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 787,995	368,189
Wages and benefits payable	824,467	757,824
Accrued expenses	702,803	656,497
Credits on customer accounts	630,284	899,963
Assessments payable	1,616,540	1,602,037
Line of credit	1,107,591	-
Current portion of deferred revenue	2,842,670	3,088,599
Current portion of bond payable	337,040	-
Total current liabilities	8,849,390	7,373,109
<b>Long-term liabilities:</b>		
Interest rate swap agreement	284,591	-
Deferred revenue, net of current portion	896,522	682,759
Bond payable, net of current portion	9,547,831	3,837,071
Total long-term liabilities	10,728,944	4,519,830
Total liabilities	19,578,334	11,892,939
<b>Net assets -</b>		
Without donor restrictions:		
Undesignated	14,131,575	17,352,689
Board designated	501,910	328,390
Total without donor restrictions	14,633,485	17,681,079
Total liabilities and net assets	\$ 34,211,819	29,574,018

See Independent Auditor's Report on Supplementary Information.

**EMERGENCY NURSES ASSOCIATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
<b>Revenue, gains and other support:</b>		
Courses	\$ 11,959,342	11,802,333
Membership dues	4,264,519	4,210,430
Conferences	2,758,476	2,652,563
Publications	832,703	833,903
Marketplace	536,654	400,675
Sponsorships	398,000	365,415
Royalties	473,436	312,712
Other	202,965	236,093
Grants	26,953	66,847
Mailing lists	19,978	27,927
Donated services	<u>95,000</u>	<u>145,000</u>
 Total revenue, gains and other support	 <u>21,568,026</u>	 <u>21,053,898</u>
<b>Expenses:</b>		
Programs, grants and scholarships	14,952,758	14,428,547
Management and general	6,995,126	5,499,997
Fundraising and development	<u>1,369,660</u>	<u>1,280,863</u>
 Total expenses	 <u>23,317,544</u>	 <u>21,209,407</u>
 <b>Decrease in net assets - before other income</b>	 <u>(1,749,518)</u>	 <u>(155,509)</u>
<b>Other income (expense):</b>		
Interest expense	(318,178)	(17,225)
Rental income	142,522	159,855
Investment income (loss)	(788,532)	1,625,001
Loss on interest rate swap agreement	(284,591)	-
Loss on assets held for sale	<u>(49,297)</u>	<u>-</u>
	<u>(1,298,076)</u>	<u>1,767,631</u>
 Change in net assets	 (3,047,594)	 1,612,122
 Net assets, beginning of year	 <u>17,681,079</u>	 <u>16,068,957</u>
 Net assets, end of year	 <u>\$ 14,633,485</u>	 <u>17,681,079</u>

See Independent Auditor's Report on Supplementary Information.

**EMERGENCY NURSES ASSOCIATION**

**STATEMENTS OF CASH FLOWS**

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

	<u>2018</u>	<u>2017</u>
<b>Cash provided by (applied to) operating activities:</b>		
Change in net assets	\$ (3,047,594)	1,612,122
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation and amortization of property and equipment	621,858	500,569
Amortization of debt issuance costs	8,065	-
Loss on interest rate swap agreement	284,591	-
Loss on property held for sale	49,297	-
Bad debt (recovery) expense	(13,567)	21,073
Realized and unrealized (gain) loss on investments	1,339,380	(1,155,068)
Decrease (increase) in assets:		
Accounts receivable, net of change in allowance	(376,279)	(48,971)
Other receivables	(30,326)	(16,754)
Due (to) from affiliate - ENA Foundation	10,808	(24,133)
Inventory	(53,526)	42,286
Prepaid expenses and other assets	(290,434)	(149,426)
Increase (decrease) in liabilities:		
Accounts payable	419,806	157,877
Wages and benefits payable	66,643	(137,386)
Accrued expenses	46,306	379,141
Credits on customer accounts	(269,679)	59,404
Assessments payable	14,503	105,535
Deferred revenue	(32,166)	(139,271)
	<u>(1,252,314)</u>	<u>1,206,998</u>
<b>Cash provided by (applied to) investing activities:</b>		
Purchases of property and equipment	(7,399,603)	(1,267,999)
Purchases of investments	(7,228,425)	(5,374,380)
Proceeds from sale and maturities of investments	8,628,230	5,879,817
	<u>(5,999,798)</u>	<u>(762,562)</u>
<b>Cash provided by financing activities:</b>		
Proceeds from line of credit	1,107,591	-
Proceeds from bond payable	6,039,735	-
	<u>7,147,326</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(104,786)	444,436
Cash and cash equivalents, beginning of year	<u>1,013,603</u>	<u>569,167</u>
Cash and cash equivalents, end of year	\$ <u><u>908,817</u></u>	\$ <u><u>1,013,603</u></u>
<b>Noncash investing and financing transactions -</b>		
Line of credit and bond proceeds used for purchase of property and equipment	\$ <u><u>-</u></u>	<u><u>3,837,071</u></u>
<b>Other cash flow information:</b>		
Interest paid	\$ <u><u>318,178</u></u>	<u><u>-</u></u>
Income taxes paid	\$ <u><u>88,000</u></u>	<u><u>128,069</u></u>

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**EMERGENCY NURSES ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	PROGRAMS, GRANTS AND SCHOLARSHIPS	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL
<b>Payroll expenses:</b>				
Salaries and wages	\$ 4,158,336	2,990,696	520,281	7,669,313
Employee benefits	934,075	675,292	177,311	1,786,678
Payroll taxes	309,453	204,551	53,920	567,924
	<u>5,401,864</u>	<u>3,870,539</u>	<u>751,512</u>	<u>10,023,915</u>
<b>Operating expenses:</b>				
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	248,000	50,942	255,167	554,109
Insurance	56,360	45,687	-	102,047
Investment fees	-	22,000	-	22,000
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
	<u>6,685,072</u>	<u>2,699,177</u>	<u>547,810</u>	<u>9,932,059</u>
<b>Occupancy expenses:</b>				
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
	<u>577,509</u>	<u>425,410</u>	<u>70,338</u>	<u>1,073,257</u>
<b>Assessment expenses:</b>				
State/chapter membership dues	584,405	-	-	584,405
ENPC/TNCC	1,703,908	-	-	1,703,908
	<u>2,288,313</u>	<u>-</u>	<u>-</u>	<u>2,288,313</u>
	<u>\$ 14,952,758</u>	<u>6,995,126</u>	<u>1,369,660</u>	<u>23,317,544</u>

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**ENA FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 127,276	118,016
Accounts receivable	250	-
Prepaid expenses and other current assets	-	6,351
	<hr/>	<hr/>
Total current assets	127,526	124,367
<b>Property and equipment, net</b>	9,250	11,100
<b>Investments</b>	<u>3,084,249</u>	<u>3,258,743</u>
	<hr/>	<hr/>
Total assets	<u>\$ 3,221,025</u>	<u>3,394,210</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 1,417	4,836
Due to affiliate - ENA	6,005	16,813
	<hr/>	<hr/>
Total current liabilities	7,422	21,649
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	522,862	568,770
Board designated	1,658,894	1,805,757
	<hr/>	<hr/>
Total without donor restrictions	2,181,756	2,374,527
With donor restrictions	<u>1,031,847</u>	<u>998,034</u>
	<hr/>	<hr/>
Total net assets	3,213,603	3,372,561
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 3,221,025</u>	<u>3,394,210</u>

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ENA FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>Support, revenues and other additions -</b>						
Support:						
Contributions	\$ 414,793	393,426	808,219	493,361	241,311	734,672
Special events revenue - net of direct expenses of \$6,789 and \$27,613 for the years 2018 and 2017, respectively	49,217	-	49,217	55,396	-	55,396
Net assets released from restrictions	307,137	(307,137)	-	249,962	(249,962)	-
Total revenue, gains and other support	<u>771,147</u>	<u>86,289</u>	<u>857,436</u>	<u>798,719</u>	<u>(8,651)</u>	<u>790,068</u>
<b>Expenses:</b>						
Programs, grants and scholarships	437,292	-	437,292	367,700	-	367,700
Management and general	278,402	-	278,402	231,161	-	231,161
Fundraising and development	135,761	-	135,761	143,991	-	143,991
Total expenses	<u>851,455</u>	<u>-</u>	<u>851,455</u>	<u>742,852</u>	<u>-</u>	<u>742,852</u>
<b>Increase (decrease) in net assets - before   other income</b>	(80,308)	86,289	5,981	55,867	(8,651)	47,216
<b>Other income -</b>						
Investment income (loss)	(112,463)	(52,476)	(164,939)	293,041	132,314	425,355
Change in net assets	(192,771)	33,813	(158,958)	348,908	123,663	472,571
Net assets, beginning of year	<u>2,374,527</u>	<u>998,034</u>	<u>3,372,561</u>	<u>2,025,619</u>	<u>874,371</u>	<u>2,899,990</u>
Net assets, end of year	<u>\$ 2,181,756</u>	<u>1,031,847</u>	<u>3,213,603</u>	<u>2,374,527</u>	<u>998,034</u>	<u>3,372,561</u>

See Independent Auditor's Report on Supplementary Information.

**ENA FOUNDATION**

**STATEMENTS OF CASH FLOWS**

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

	2018	2017
<b>Cash provided by (applied to) operating activities:</b>		
Change in net assets	\$ (158,958)	472,571
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation of property and equipment	1,850	-
Realized and unrealized (gain) loss on investments	257,489	(339,173)
Contributions restricted for investment in endowment	(84,394)	(28,710)
Decrease (increase) in assets:		
Accounts receivable	(250)	
Prepaid expenses and other assets	6,351	(6,351)
Increase (decrease) in liabilities:		
Accounts payable	(3,419)	(1,827)
Due (to) from affiliate - ENA	(10,808)	24,133
Credits on customer accounts	-	(150)
	7,861	120,493
<b>Cash provided by (applied to) investing activities:</b>		
Purchases of property and equipment	-	(11,100)
Purchases of investments	(885,320)	(239,043)
Proceeds from sale and maturities of investments	802,325	103,373
	(82,995)	(146,770)
<b>Cash provided by financing activities -</b>		
Collections of contributions restricted for investment in endowment	84,394	28,710
	9,260	2,433
Net increase in cash and cash equivalents		
Cash and cash equivalents, beginning of year	118,016	115,583
Cash and cash equivalents, end of year	\$ 127,276	118,016

See Independent Auditor's Report on Supplementary Information.

**ENA FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2018**

	<u>PROGRAMS, GRANTS AND SCHOLARSHIPS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING AND DEVELOPMENT</u>	<u>TOTAL</u>
<b>Operating expenses:</b>				
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
Investment fees	-	3,000	-	3,000
Miscellaneous	-	439	4,550	4,989
Postage, freight and shipping	-	1,379	1,001	2,380
Printing	-	12,115	400	12,515
Professional services	-	196,112	128,739	324,851
Supplies and equipment	-	909	1,071	1,980
Temporary workers	-	21,697	-	21,697
Travel	-	28,274	-	28,274
	<u>437,292</u>	<u>278,402</u>	<u>135,761</u>	<u>851,455</u>
	\$			

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