



**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND
AAUW ACTION FUND, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

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Independent Auditors' Report

Board of Directors
American Association of University Women, Inc.
and AAUW Action Fund, Inc.
Washington, D.C.

We have audited the accompanying consolidated financial statements of the American Association of University Women, Inc. (AAUW), and AAUW Action Fund, Inc. (the Action Fund), (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
American Association of University Women, Inc.
and AAUW Action Fund, Inc.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2020, consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated December 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the consolidated financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
December 8, 2021

Certified Public Accountants

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash and Cash Equivalents | \$ 3,145,434 | \$ 5,230,252 |
| Contributions and Grants Receivable | 2,228,738 | 4,726,413 |
| Other Receivables | 239,155 | 177,944 |
| Prepaid Expenses and Other Assets | 1,207,312 | 1,052,967 |
| Property and Equipment, Net | 3,686,477 | 3,642,268 |
| Investments | 156,489,738 | 120,193,774 |
| Total Assets | \$ 166,996,854 | \$ 135,023,618 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts Payable and Accrued Expenses | \$ 1,056,306 | \$ 835,709 |
| Committed Awards and Grants Payable | 4,960,628 | 3,634,091 |
| Deferred Revenue | 1,829,131 | 1,829,251 |
| Deferred Rent and Lease Incentive | 4,589,686 | 4,703,929 |
| Split Interest Agreements | 503,032 | 516,929 |
| CARES Act PPP Refundable Advance | 854,475 | 725,000 |
| Sublease Liability | 2,165,852 | 2,366,042 |
| Other Liabilities | 223,365 | 282,490 |
| Total Liabilities | 16,182,475 | 14,893,441 |
| Net Assets | | |
| Without Donor Restrictions | 5,065,213 | 2,219,592 |
| With Donor Restrictions | | |
| Purpose Restricted | 71,639,344 | 44,151,994 |
| Endowment Funds | 74,109,822 | 73,758,591 |
| Total With Donor Restrictions | 145,749,166 | 117,910,585 |
| Total Net Assets | 150,814,379 | 120,130,177 |
| Total Liabilities and Net Assets | \$ 166,996,854 | \$ 135,023,618 |

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

| | Without Donor Restrictions | With Donor Restrictions | 2021 Total | 2020 Total |
|--|----------------------------------|-------------------------------|-----------------------|-----------------------|
| Revenue and Support | | | | |
| Contributions and Grants | \$ 3,993,771 | \$ 2,020,143 | \$ 6,013,914 | \$ 5,925,148 |
| Investment Return, Net | 1,962,803 | 34,372,722 | 36,335,525 | 2,837,783 |
| Rental Income | 326,955 | - | 326,955 | 397,540 |
| Membership Dues Income | 2,543,147 | - | 2,543,147 | 2,885,502 |
| Change in Value of Split- Interest Agreements | - | (80,661) | (80,661) | (33,363) |
| Conference Revenue | 221,407 | - | 221,407 | 161,578 |
| Other Income | 72,113 | - | 72,113 | 294,064 |
| Net Assets Released from Restrictions | 8,473,623 | (8,473,623) | - | - |
| Total Revenue and Support | 17,593,819 | 27,838,581 | 45,432,400 | 12,468,252 |
| Expenses | | | | |
| Program Services | 10,060,941 | - | 10,060,941 | 9,445,781 |
| Supporting Services | | | | |
| Management and General | 3,184,359 | - | 3,184,359 | 2,990,930 |
| Development and Fundraising | 1,502,898 | - | 1,502,898 | 1,768,307 |
| Total Expenses | 14,748,198 | - | 14,748,198 | 14,205,018 |
| Change in Net Assets from Operations | 2,845,621 | 27,838,581 | 30,684,202 | (1,736,766) |
| Loss on Sublease | - | - | - | (1,114,984) |
| Change in Net Assets | 2,845,621 | 27,838,581 | 30,684,202 | (2,851,750) |
| Net Assets, Beginning of Year | 2,219,592 | 117,910,585 | 120,130,177 | 122,981,927 |
| Net Assets, End of Year | \$ 5,065,213 | \$ 145,749,166 | \$ 150,814,379 | \$ 120,130,177 |

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

| | Total Program Services | Supporting Services | | 2021 Total Expenses | 2020 Total Expenses |
|---------------------------------------|------------------------------|------------------------------|-----------------------------------|---------------------------|---------------------------|
| | | Management and General | Development and Fundraising | | |
| Expenses | | | | | |
| Salaries, Benefits, and Taxes | \$ 3,195,682 | \$ 1,345,163 | \$ 741,880 | \$ 5,282,725 | \$ 5,659,580 |
| Grants and Contributions | 4,964,918 | - | - | 4,964,918 | 3,845,078 |
| Occupancy | 559,708 | 1,124,800 | 129,493 | 1,814,001 | 2,585,562 |
| Office Expenses | 231,401 | 59,028 | 358,680 | 649,109 | 644,101 |
| Information Technology | 319,223 | 175,119 | 44,752 | 539,094 | 569,349 |
| Depreciation and Amortization | 221,207 | 64,232 | 34,887 | 320,326 | 222,830 |
| Professional Fees | 463,121 | 141,408 | 174,310 | 778,839 | 346,665 |
| General Insurance | 19,354 | 39,105 | 1,428 | 59,887 | 68,707 |
| Travel | 512 | (230) | 19 | 301 | 56,182 |
| Dues, Subscriptions, and Publications | 28,539 | 1,468 | 802 | 30,809 | 37,375 |
| Other Expenses | 175 | 182,500 | - | 182,675 | 19,489 |
| Advertising and Promotion | 23,685 | - | 385 | 24,070 | 26,121 |
| Conferences and Meetings | 31,151 | - | 1,350 | 32,501 | 20,042 |
| Temporary Employee Fees | 2,265 | 51,766 | 14,912 | 68,943 | 103,937 |
| Total Expenses | \$ 10,060,941 | \$ 3,184,359 | \$ 1,502,898 | \$ 14,748,198 | \$ 14,205,018 |

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 30,684,202 | \$ (2,851,750) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities | | |
| Depreciation and Amortization | 441,811 | 487,895 |
| Loss on Disposals of Property and Equipment | 1,317 | 1,052,958 |
| Realized and Unrealized Gain on Investments | (34,290,102) | (305,069) |
| Contributions Restricted for Long-Term Purposes | (91,531) | (557,524) |
| <u>(Increase) Decrease in Assets</u> | | |
| Contributions and Grants Receivable | 2,497,675 | 3,228,861 |
| Other Receivables | (61,211) | 33,278 |
| Prepaid Expenses and Other Assets | (154,345) | (696,033) |
| <u>Increase (Decrease) in Liabilities</u> | | |
| Accounts Payable and Accrued Expenses | 220,597 | (154,841) |
| Committed Awards and Grants Payable | 1,326,537 | (504,345) |
| Deferred Revenue | (120) | 64,650 |
| Deferred Rent and Lease Incentive | (114,243) | (2,460,161) |
| CARES Act PPP Refundable Advance | 129,475 | 725,000 |
| Sublease Liability | (200,190) | 2,366,042 |
| Split Interest Agreements | 65,713 | 198,646 |
| Other Liabilities | (59,125) | 222,321 |
| Net Cash Provided by Operating Activities | <u>396,460</u> | <u>849,928</u> |
| Cash Flows from Investing Activities | | |
| Purchases of Investments | (11,923,905) | (80,170,861) |
| Proceeds from the Sale of Investments | 9,918,043 | 82,576,672 |
| Purchases of Property and Equipment | (487,337) | (395,742) |
| Net Cash (Used in) Provided by Investing Activities | <u>(2,493,199)</u> | <u>2,010,069</u> |
| Cash Flows from Financing Activities | | |
| Investment in Perpetual Endowments | 91,531 | 557,524 |
| Payments to Beneficiaries from Split-Interest Agreements | (79,610) | (70,856) |
| Net Cash Provided by Financing Activities | <u>11,921</u> | <u>486,668</u> |
| Net (Decrease) Increase in Cash and Cash Equivalents | <u>(2,084,818)</u> | <u>3,346,665</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>5,230,252</u> | <u>1,883,587</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 3,145,434</u></u> | <u><u>\$ 5,230,252</u></u> |

See accompanying Notes to Consolidated Financial Statements.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Association of University Women, Inc. (AAUW), is the nation's leading voice promoting equity and education for women and girls through research, education, and advocacy. Since its founding in 1881, AAUW has examined and taken positions on the fundamental issues of the day - educational, social, economic, and political. Membership in AAUW is open to all graduates holding an associates or equivalent, baccalaureate, or higher degree from a qualified educational institution.

AAUW was incorporated under the laws of the District of Columbia in 1958.

AAUW is supported primarily by contributions, member dues, and investment income.

The major programs of AAUW consist of the following:

Fellowships and Grants - AAUW awards American Fellowships to women who are U.S. citizens or permanent residents pursuing full-time study to complete dissertations, conduct postdoctoral research, or preparing research for publication. Selected Professional Fellowships are awarded to women pursuing full-time study in a master's or professional degree program in which women are underrepresented, including STEM, law, business, and medicine. International Fellowships are awarded to women pursuing full-time graduate or postdoctoral study in the United States who are not U.S. citizens or permanent residents. International Project Grants are awarded to alumnae of AAUW's International Fellowships program who are living in their home countries and pursuing community-based projects to improve the social advancement and economic empowerment of women and girls. Community Action Grants are awarded to individuals, AAUW affiliates, and nonprofit organizations to fund innovative programs or nondegree research projects that promote equity for women and girls. Career Development Grants are awarded to women pursuing a certificate or degree to advance their careers, change careers, or reenter the workforce and whose bachelor's degree was received at least five years before the award period.

Leadership and Salary Negotiation Programs - AAUW created and runs programs that serve the public, such as AAUW Start Smart and AAUW Work Smart salary negotiation workshops, Empower leadership development workshops, the annual National Conference for College Women Student Leaders and other programs. AAUW also created the Equity Network, an inclusive learning community dedicated to professional development and working alongside others to advocate for equity for all. AAUW is also developing STEM programs focused on increasing the number of women, particularly women of color, declaring STEM majors in college, pursuing STEM careers, and achieving success within those careers.

Research - AAUW creates original research that is widely disseminated through research reports and updates, including: *The Simple Truth*, which analyzes the gender pay gap, and *Deeper in Debt*, which addresses the disproportionate burden of student loan debt on women. AAUW is also producing original research in a variety of STEM topics.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Public Policy - AAUW's public policy efforts connect, educate, and rally members, supporters and advocates to advance its mission to empower women and girls through grassroots advocacy at the federal, state, and local levels.

Legal Advocacy Fund - AAUW's Legal Advocacy Fund combats sex and gender discrimination through financial case support, development, and dissemination of "Know Your Rights" resources regarding employment and other forms of discrimination; an amicus curiae program; and other online public education and legal resources.

Membership - AAUW supports the mission-based work of state and local AAUW affiliates, including programming and grassroots advocacy that advance gender equity for women and girls.

The AAUW Action Fund, Inc. (the Action Fund), was founded in 1881 and was chartered under a special act of the Massachusetts Legislature in 1889. The Action Fund includes activities and programs to advance equity for women and girls through member activism and voter mobilization. The Action Fund is primarily supported by member dues and investment income.

The Action Fund's major programs consist of the following:

Advocacy - The public policy and government relations function includes influencing legislation and regulations, training and technical assistance, issues analyses and voter education based on the member-adopted public policy priorities.

Outreach - Includes advocacy and lobbying activities that connect and rally members, supporters and advocates to advance the Action Fund mission.

Principles of Consolidation

The bylaws of the Action Fund provide that the AAUW Executive Committee shall constitute the Board of Directors of the Action Fund. As a result, AAUW is deemed to have both an economic interest in and control of the Action Fund, and consolidated financial statements are required to be presented by accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of AAUW and the Action Fund, collectively, the Organization. Significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers demand deposits and money market accounts not held in investment accounts, to be cash and cash equivalents.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. The valuation of the investments is based upon quotations obtained from national securities exchanges; where securities are not listed on an exchange, quotations are obtained from other published sources.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at date of donation, if contributed. Acquisitions of property and equipment greater than \$5,000 are capitalized and depreciated or amortized using the straight-line method over the following useful lives: furniture, 10 years; computer equipment and software, three years; website redesign, five years; and, leasehold improvements, the lesser of the remaining lease term or the estimated useful lives of the improvements. Expenditures and related betterments that extend the useful lives of the assets are capitalized.

Income Taxes

AAUW is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and is classified as other than a private foundation within the meaning of Section 509(a)(1) of the Code. However, AAUW is subject to tax on net income received from activities unrelated to its exempt purpose.

The Action Fund is exempt from the payment of income taxes under Section 501(c)(4) of the Code. However, the Action Fund is subject to tax on net income received from activities unrelated to its exempt purpose.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its consolidated financial statements include, or reflect, any uncertain tax positions.

AAUW and the Action Fund’s IRS Forms 990, *Return of Organization Exempt from Income Tax* and related state filings are subject to examination by federal and state taxing authorities, generally for three years after filing.

Split-Interest Agreements

AAUW has a beneficial interest in two types of split-interest agreements where donors have made irrevocable gifts to AAUW or to trusts for the benefit of AAUW. Donors either transfer assets directly to an investment account in the name of AAUW or promise to give assets in the future. The assets are recorded at fair value, if invested, or at present value, if promised. The split-interest agreements are as follows:

Charitable Gift Annuity: A charitable gift annuity is an arrangement between a donor and AAUW in which the donor contributes assets to AAUW in exchange for a promise by AAUW to pay a fixed amount for a specified period of time to the donor or to individuals or organizations specified by the donor.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements (Continued)

Charitable Remainder Unitrust (CRUT): A charitable remainder unitrust is an agreement whereby the donor contributes assets in exchange for distributions based on the value of trust assets for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for AAUW's use. Assets received are recorded at fair value on the date the agreement or unitrust is recognized and as required by state law, are invested primarily in U.S. government obligations. A liability equal to the present value of the future distributions is recorded.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include most operating costs that support various programs and functions. Building operations and IT is based on direct salary cost. Overhead is allocated based on total direct cost after IT and building operations have been allocated.

Net Assets

The Organization is required to report its financial position and activities according to two classes of net assets. Those categories are assets without donor-imposed restrictions and assets with donor-imposed restrictions.

For financial statement purposes, net assets are as follows:

Net Assets Without Donor Restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects.

Net Assets With Donor Restrictions: Net assets with donor restrictions include those net assets whose use by AAUW has been donor-restricted by specified time or purpose limitations. The purpose restrictions are as follows:

American and International Fellowships: The American and International Fellowships are funded by contributions and investment revenue earned from net assets with purpose restricted gifts to fund fellowships for postdoctoral or dissertation work, or for grants to prepare research for publication.

NYC Metropolitan Area Fund: These funds are purpose restricted and are to be used solely within the prescribed New York City Metropolitan Area for the furtherance of the purposes of the American Association of University Women, Inc.

Research and Projects: The Research and Projects are funded by contributions and investment revenue earned from purpose restricted gifts to fund programs and research that help to: advance equity for women and girls; protect them from discrimination and abuse; promote educational and workplace opportunity and achievement; advocate for public policies that benefit them and their families; and, break through barriers that prevent them from attaining their personal goals and full potential.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Eleanor Roosevelt Fund: These funds support research on gender equity in education and the workplace.

Legal Advocacy Fund: These funds are restricted to supporting programs, grants, research and legal cases combating sex and gender discrimination, particularly in education and the workplace.

STEM Education: Contributions and investment income are used to overcome the barriers that have historically resulted in women and girls being significantly underrepresented in the fields of Science, Technology, Engineering, and Mathematics.

Mooneen Lecce: The Mooneen Lecce Giving Circle pools the contributions of members of the circle to fund projects of their choice benefiting women and girls.

Leadership and Salary Negotiation Programs: AAUW Salary Negotiation Programs are designed to empower women with the skills and confidence to negotiate for fair pay. Participants learn how to research competitive salaries, articulate their skills, qualifications and experience, and ask for and get the pay they deserve.

Split-Interest Agreements: Split-Interest Agreements net assets consist of donor agreements to provide assets to AAUW as described in Split-Interest Agreements.

Net Assets With Endowment Restrictions: Net assets with endowment restrictions must be maintained in perpetuity by AAUW and consist of an original trust and purpose restricted annual contributions. The investment income earned on the purpose restricted net assets is used to fund the various programs.

American and International Fellowships: American and International Fellowships endowment funds are restricted for American and International Fellowships pursuant to the charter of the endowment.

Research and Projects: Research and projects endowment funds are restricted for the research and projects activities as set forth by the original stated purpose.

Legal Advocacy: The Legal Advocacy Fund consists of gifts from the Marguerite Rawalt Legal Defense Fund, the Rothschild Endowment, and other contributions. The restrictions are controlled by the original agreements establishing the endowment by the donor.

Campus Leadership Programs: Endowment funds are restricted for AAUW's campus leadership programs. These programs help shape the lives of thousands of college women to be the next generation of leaders.

Deferred Revenue

Deferred revenue consists primarily of membership dues and conference registrations received in advance of the period in which they are to be earned. Regular membership dues are recognized in the year to which they apply. Life membership dues are recognized evenly over 20 years. Conference revenue is recognized when the event occurs.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Unconditional contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Conditional grants and contributions are not recorded as revenue until the related conditions have been satisfied. Amounts received for conditional grants are recorded as refundable advances until the conditions have been met. Grants and contributions received with donor imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Membership dues are recognized as revenue in the period earned. Payments received in advance for membership dues are recorded in the year of receipt as deferred revenue and recognized as revenue in the years they are earned.

Rental income is recognized as revenue in the period earned.

Revenue and expenses from conferences and seminars are recognized as the events are held or services are provided.

Contributions and Grants Receivable

Contributions and grants receivable primarily consist of unconditional pledges from individuals, bequests, and irrevocable charitable lead and remainder trusts to be paid over various periods. Amounts that are expected to be collected within one year are recorded at net realizable value. Allowances for doubtful accounts are estimated based on the length of time outstanding and past history with donors. Amounts that are expected to be collected in future years are recorded at the present value of future cash flows. Management considers all contributions and grants receivable to be fully collectible; therefore, no allowance for doubtful accounts has been established.

Prior Year Summarized Information

The consolidated financial statements include certain prior year summarized comparative totals as of and for the year ended June 30, 2020. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided various services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Reclassifications

Certain 2020 amounts have been reclassified for comparative purposes.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. ADOPTION OF ACCOUNTING STANDARDS

During the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis for the year ended June 30, 2020. The impact of adoption was not material to the consolidated financial statements.

During the year ended June 30, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of July 1, 2020. Analysis of the various provisions of this standard resulted in no significant changes in the way that the Organization recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's cash flows have seasonal variations due to the timing of membership dues, grants, and contributions. The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

As of June 30, 2021 and 2020, the following financial assets and liquidity sources were available for general operating expenditures in the years ending June 30, 2022 and 2021:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| <i>Financial Assets</i> | | |
| Cash and Cash Equivalents | \$ 3,145,434 | \$ 5,230,252 |
| Contribution Receivable Restricted for STEM | 2,208,738 | 4,358,000 |
| Contributions and Grant Receivable, Other | 20,000 | 368,413 |
| Other Receivables | 239,155 | 177,944 |
| Investments | 156,489,738 | 120,193,774 |
| Less Amounts with Donor Restriction for Purpose - STEM | (8,004,455) | (7,441,546) |
| Less Amounts with Donor Restriction for Purpose | (63,634,889) | (36,710,448) |
| Less Endowment Funds Held in Perpetuity | (74,109,822) | (73,758,591) |
| | <u>\$ 16,353,899</u> | <u>\$ 12,417,798</u> |

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Leasehold Improvements | \$ 2,844,397 | \$ 2,844,397 |
| Computer Equipment and Software | 1,130,554 | 1,130,324 |
| Furniture and Equipment | 930,530 | 930,530 |
| Work in Process | 569,061 | 98,624 |
| Website | 292,073 | 292,073 |
| Copyright | 125,000 | 125,000 |
| Telephone Equipment | 22,441 | 22,441 |
| Mailing System | 11,151 | - |
| Total | 5,925,207 | 5,443,389 |
| Less Accumulated Depreciation and Amortization | (2,238,730) | (1,801,121) |
| Property and Equipment, Net | <u>\$ 3,686,477</u> | <u>\$ 3,642,268</u> |

5. CONCENTRATIONS AND FINANCIAL RISK

As of June 30, 2021, approximately 99% of contributions and grants receivable was due from one donor. As of June 30, 2020, approximately 17% of contributions and grants revenue was from one donor. As of June 30, 2020, approximately 92% of contributions and grants receivable was due from one donor.

The Organization maintains demand deposits and money market accounts which, at times, may exceed federally insured limits. The Organization has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these account balances.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

5. CONCENTRATIONS AND FINANCIAL RISK (CONTINUED)

The Organization invests in professionally managed portfolios that contain various securities. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the consolidated financial statements.

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

6. COMMITTED AWARDS AND GRANTS PAYABLE

The Organization's Board of Directors approves certain awards and grants to be paid in accordance with program restrictions. Prior year amounts held are commitments to pay prior year awards that were extended upon request by the award recipients or are for the second year of a multi-year award.

Committed awards and grants payable consisted of the following as of June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| American Fellowships | \$ 2,333,303 | \$ 1,846,213 |
| International Fellowships | 1,488,000 | 1,096,000 |
| Research and Projects | 538,182 | 414,476 |
| NYC Metropolitan Area Fund | 246,818 | 95,585 |
| Research Publication Grant | 238,460 | 101,948 |
| International Project Grants | 13,639 | 14,000 |
| Prior Year Amounts Held | <u>102,226</u> | <u>65,869</u> |
| Total Committed Awards and Grants Payable | <u>\$ 4,960,628</u> | <u>\$ 3,634,091</u> |

7. SPLIT-INTEREST AGREEMENTS

Gift Annuities

As of June 30, 2021 and 2020, the total assets of the gift annuity funds, at fair market value, were approximately \$461,000 and \$481,000, respectively. As of June 30, 2021 and 2020, the actuarial present value of AAUW's interest in such funds was approximately \$133,000 and \$117,000, respectively, and was computed using interest rates ranging from 1.2% to 8.2%.

Charitable Remainder Unitrusts (CRUT)

As of June 30, 2021 and 2020, the total assets of the charitable remainder unitrust, at fair market value, were approximately \$453,000 and \$377,000, respectively. As of June 30, 2021 and 2020, the actuarial present value of AAUW's interest in such funds were approximately \$277,000 and \$225,000, respectively, and were computed using an interest rate of 2%.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

8. LEASE AGREEMENTS

AAUW has a lease agreement for office space through 2032. The lease commenced on June 1, 2016. Under the terms of the lease, AAUW received fifteen months of free rent. The lease includes an option to renew the lease for an additional five years if notice is given by May 31, 2031. The base rent increases annually based on scheduled increases provided for in the lease. The lessor provided lease incentives totaling approximately \$4,324,000. Under accounting principles generally accepted in the United States of America (GAAP), all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payments, as well as any unamortized lease incentives, are reflected as deferred rent and lease incentive in the accompanying consolidated statement of financial position.

In addition, AAUW is also required to maintain an irrevocable letter of credit in lieu of a security deposit of \$373,000. The letter of credit is secured by a collateral cash account in the same amount AAUW entered into non-cancelable sublease agreements for office space. The sublease agreements expire on various dates through May 2032.

During 2020, the Organization entered into a sublease for a portion of its office lease which is at a reduced rate from the lease. Therefore, a loss was recorded in 2020 at the cease-use date in the amount of approximately \$1,115,000. For the years ended June 30, 2021 and 2020, the sublease liability was approximately \$2,166,000 and \$2,366,000, respectively.

Future minimum rental payments required under the leases are as follows:

For the Years Ending June 30,

| | |
|---------------------------------------|----------------------|
| 2022 | \$ 2,571,573 |
| 2023 | 2,635,745 |
| 2024 | 2,701,802 |
| 2025 | 2,769,343 |
| 2026 | 2,841,897 |
| Thereafter | <u>18,822,329</u> |
| Subtotal Minimum Future Lease Rentals | 32,342,689 |
| Less Sublease Rental Income | <u>(8,629,228)</u> |
| Future Minimum Rental Payments, Net | <u>\$ 23,713,461</u> |

For the years ended June 30, 2021 and 2020, rent expense was approximately \$1,545,000 and \$2,269,000, respectively. Rental income under the subleases was approximately \$327,000 and \$398,000 for the years ended June 30, 2021 and 2020, respectively.

9. RETIREMENT PLANS

AAUW sponsors a non-contributory defined contribution retirement plan (the Plan) available to all employees meeting certain eligibility requirements as defined by the Plan document. The Plan requires an employer contribution amounting to 6% of participant compensation.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

9. RETIREMENT PLANS (CONTINUED)

The employer contributions are used to purchase Teachers Insurance and Annuity Association Contracts and College Retirement Equity Fund Certificates for the individual participants' accounts. AAUW also sponsors a defined contribution 401(k) savings plan (the Savings Plan) available to all employees meeting certain eligibility requirements as defined by the Savings Plan document. The Savings Plan requires an employer matching contribution of up to 4% of participant compensation within the current limits of the Internal Revenue Code. For the years ended June 30, 2021 and 2020, AAUW's contributions under the above plans amounted to approximately \$375,000 and \$392,000, respectively.

10. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities-alternative investments and split-interest agreements).

The following presents the Organization's assets and liabilities measured at fair value as of June 30, 2021:

| Description | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|-----------------------|-------------|-------------------|-----------------------|
| Cash and Cash Equivalents | \$ 1,184,927 | \$ - | \$ - | \$ 1,184,927 |
| Government Bonds | 104,945 | - | - | 104,945 |
| U.S. Common Stock | 63,278 | - | - | 63,278 |
| Mutual Funds and ETFs | | | | |
| Equity | 500,858 | - | - | 500,858 |
| Fixed Income | 51,102,873 | - | - | 51,102,873 |
| International Equities | 31,379,939 | - | - | 31,379,939 |
| Alternative Strategy | 7,066,255 | - | - | 7,066,255 |
| U.S. Large Cap Equity | 47,606,941 | - | - | 47,606,941 |
| U.S. Small Cap Equity | 17,479,722 | - | - | 17,479,722 |
| Total Investments at Fair Value | <u>\$ 156,489,738</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 156,489,738</u> |
| Split Interest Agreements | \$ - | \$ - | \$ 503,032 | \$ 503,032 |
| Total Liabilities at Fair Value | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 503,032</u> | <u>\$ 503,032</u> |

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

10. FAIR VALUE MEASUREMENTS (CONTINUED)

The following presents the Organization's assets and liabilities measured at fair value as of June 30, 2020:

| Description | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|-----------------------|-------------|-------------------|-----------------------|
| Cash and Cash Equivalents | \$ 1,183,751 | \$ - | \$ - | \$ 1,183,751 |
| Government Bonds | 125,910 | - | - | 125,910 |
| U.S. Common Stock | 62,038 | - | - | 62,038 |
| Mutual Funds and ETFs | | | | |
| Equity | 442,704 | - | - | 442,704 |
| Fixed Income | 41,225,304 | - | - | 41,225,304 |
| International Equities | 23,818,485 | - | - | 23,818,485 |
| Alternative Strategy | 5,262,857 | - | - | 5,262,857 |
| U.S. Large Cap Equity | 37,485,054 | - | - | 37,485,054 |
| U.S. Small Cap Equity | 10,587,671 | - | - | 10,587,671 |
| Total Investments at Fair Value | <u>\$ 120,193,774</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 120,193,774</u> |
| Split Interest Agreements | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 516,929</u> | <u>\$ 516,929</u> |
| Total Liabilities at Fair Value | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 516,929</u> | <u>\$ 516,929</u> |

The following is a summary of changes in the fair value of the Organization's Level 3 liabilities for the years ended June 30, 2021 and 2020:

| Description | 2021 | 2020 |
|--|-------------------|-------------------|
| Balance, Beginning of Year | \$ 516,929 | \$ 394,781 |
| Contributions to Split-Interest Agreements | - | 410,859 |
| Distributions from Split-Interest Agreements | (24,298) | (251,217) |
| Change in Value of Split-Interest Agreements | 90,011 | 33,362 |
| Payments to Beneficiaries from Split-Interest Agreements | (79,610) | (70,856) |
| Balance, End of Year | <u>\$ 503,032</u> | <u>\$ 516,929</u> |

The Organization's Level 3 liabilities are valued based on actuarial calculations.

11. CARES ACT PPP REFUNDABLE ADVANCE

During the year ended June 30, 2020, AAUW received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$725,000. PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If AAUW maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven. AAUW accounted for this SBA loan as a conditional contribution since repayment had not been waived as of June 30, 2020, and as such the loan proceeds were shown as CARES Act PPP Refundable Advance on the consolidated statement of financial position as of June 30, 2020.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

11. CARES ACT PPP REFUNDABLE ADVANCE (CONTINUED)

The PPP loan was forgiven in full in March 2021 and is included in contributions and grants on the consolidated statement of activities for the year ended June 30, 2021.

During the year ended June 30, 2021, AAUW received a second SBA loan under PPP in the amount of \$854,475. AAUW is accounting for this SBA loan as a conditional contribution since repayment has not been waived as of June 30, 2021, and as such the loan proceeds are shown as CARES Act PPP Refundable Advance in the consolidated statement of financial position.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| American Fellowships | \$ 43,426,019 | \$ 25,772,466 |
| STEM Education | 8,004,455 | 7,441,546 |
| International Fellowships | 9,138,986 | 4,426,753 |
| NYC Metropolitan Area Fund | 4,703,099 | 4,324,658 |
| Research and Projects | 2,891,684 | - |
| Legal Advocacy Fund | 2,037,799 | 1,138,512 |
| Start Smart | 535,768 | 397,262 |
| Split-Interest Agreements | 410,541 | 341,391 |
| Tech Trek | 273,825 | 137,755 |
| Work Smart | 66,023 | 68,161 |
| Eleanor Roosevelt Fund | 12,050 | 41,010 |
| Mooneen Lecce | 28,707 | 35,660 |
| Empower | 25,000 | - |
| STEM Ambassador | 69,480 | 19,553 |
| Weston Foundation | 15,457 | 6,577 |
| Tech Savvy | 398 | 637 |
| Undergraduate Scholarships | 53 | 53 |
| Total Net Assets With Donor Restrictions | <u>\$ 71,639,344</u> | <u>\$ 44,151,994</u> |

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

12. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors for the years ended June 30, 2021 and 2020, as follows:

| | 2021 | 2020 |
|---|--------------|--------------|
| American Fellowships | \$ 3,403,918 | \$ 2,818,013 |
| International Fellowships | 1,880,128 | 1,473,065 |
| NYC Metropolitan Area Fund | 862,559 | 890,696 |
| STEM Education | 624,023 | 857,926 |
| Research and Projects | 512,641 | 370,124 |
| Start Smart | 361,494 | 278,272 |
| Strategic Planning Giving | 224,305 | - |
| Research and Projects Endowment | - | 259,700 |
| Latina Project | 100,000 | - |
| Split-Interest Agreements | (418) | 240,843 |
| Legal Advocacy Fund | 142,858 | 232,081 |
| Other Funds | - | 211,706 |
| Tech Trek | 39,442 | 75,518 |
| Eleanor Roosevelt Fund | 173,225 | 56,942 |
| STEM Ambassador | 50,332 | 30,375 |
| Mooneen Lecce | 34,000 | 25,076 |
| Work Smart | 2,138 | 6,839 |
| NCCWSL | 53,465 | - |
| Campus Leadership | 8,977 | - |
| Weston Foundation | 120 | - |
| Tech Savvy | 416 | - |
| Total Net Assets Released from Restrictions | \$ 8,473,623 | \$ 7,827,176 |

13. ENDOWMENT FUNDS

AAUW's endowment consists of numerous individual donor-restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of AAUW has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, AAUW classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund.

The remaining portion of the donor-restricted endowment fund is classified as purpose restricted net assets until those amounts are appropriated for expenditure by AAUW in a manner consistent with the standard of prudence prescribed by UPMIFA.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

13. ENDOWMENT FUNDS (CONTINUED)

In accordance with UPMIFA, AAUW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of AAUW, and (7) AAUW's investment policies.

AAUW has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, AAUW 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). AAUW targets a diversified asset allocation that places an emphasis on fixed income and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of earnings annually distributed from AAUW's various endowed funds, for grant-making and administration. During the years ended June 30, 2021 and 2020, AAUW's spending policy was 5%, of the average value of the endowment portfolio for the trailing twelve quarters.

Endowment funds as of June 30, 2021 and 2020, were as follows:

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|----------------------|----------------------|
| American Fellowship Endowment | \$ 43,400,580 | \$ 43,380,749 |
| International Fellowship Endowment | 17,299,769 | 17,239,106 |
| Research and Projects Endowment | 12,256,563 | 11,985,826 |
| Legal Advocacy Fund | 1,120,115 | 1,120,115 |
| Campus Leadership Fund | 32,658 | 32,658 |
| Mooneen Lecce | 137 | 137 |
| Total Endowment Funds | <u>\$ 74,109,822</u> | <u>\$ 73,758,591</u> |

Changes in endowment net assets for the year ended June 30, 2021, were as follows:

| | <u>Purpose Restricted</u> | <u>Invested in Perpetuity</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------------|-----------------------|
| Endowment Net Assets, Beginning of Year | \$ 31,084,153 | \$ 73,758,591 | \$ 104,842,744 |
| Contributions | 355,897 | 351,231 | 707,128 |
| Investment Return, Net | 31,931,318 | - | 31,931,318 |
| Amounts Appropriated for Expenditure | <u>(6,210,174)</u> | <u>-</u> | <u>(6,210,174)</u> |
| Endowment Net Assets, End of Year | <u>\$ 57,161,194</u> | <u>\$ 74,109,822</u> | <u>\$ 131,271,016</u> |

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

13. ENDOWMENT FUNDS (CONTINUED)

There is one donor-restricted endowment at June 30, 2020, that had a value that was less than the original gifts. The fair value of the investments of that donor-restricted endowment fund was \$11,985,826 at June 30, 2020, and the original gifts that created that endowment fund was \$12,245,526. The deficit in that endowment at June 30, 2020, was \$259,700. The governing board continues to appropriate from this fund to support the program specified by the donors. During the year ended June 30, 2021, the fund balance was fully restored.

Changes in endowment net assets for the year ended June 30, 2020, were as follows:

| | <u>Purpose Restricted</u> | <u>Invested in Perpetuity</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------------|-----------------------|
| Endowment Net Assets, Beginning of Year | \$ 32,292,994 | \$ 73,460,767 | \$ 105,753,761 |
| Contributions | 659,751 | 557,524 | 1,217,275 |
| Investment Return, Net | 3,024,691 | - | 3,024,691 |
| Amounts Appropriated for Expenditure | <u>(4,893,283)</u> | <u>(259,700)</u> | <u>(5,152,983)</u> |
| Endowment Net Assets, End of Year | <u>\$ 31,084,153</u> | <u>\$ 73,758,591</u> | <u>\$ 104,842,744</u> |

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 8, 2021, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



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Independent Auditors' Report on Supplementary Information

Board of Directors
American Association of University Women, Inc.
and AAUW Action Fund, Inc.
Washington, D.C.

We have audited the consolidated financial statements of the American Association of University Women, Inc., and AAUW Action Fund, Inc., as of and for the year ended June 30, 2021, and have issued our report thereon dated December 8, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating detailed statement of financial position, consolidating detailed statement of activities and summary of amounts available for expenditures for the Rothschild Award are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
December 8, 2021

Certified Public Accountants

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**CONSOLIDATING DETAILED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

| | <u>AAUW, Inc.</u> | <u>AAUW Action Fund</u> | <u>Eliminations</u> | <u>Consolidated Total</u> |
|---|------------------------------|-----------------------------|---------------------------|-------------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 3,095,019 | \$ 50,415 | \$ - | \$ 3,145,434 |
| Contributions and Grants Receivable | 2,228,738 | - | - | 2,228,738 |
| Other Receivables | 239,155 | - | - | 239,155 |
| Prepaid Expenses and Other Assets | 1,207,312 | - | - | 1,207,312 |
| Due from AAUW Action Fund, Inc. | 23,390 | - | (23,390) | - |
| Property and Equipment, Net | 3,686,477 | - | - | 3,686,477 |
| Investments | 155,403,129 | 1,086,609 | - | 156,489,738 |
| Total Assets | <u>\$ 165,883,220</u> | <u>\$ 1,137,024</u> | <u>\$ (23,390)</u> | <u>\$ 166,996,854</u> |
| Liabilities and Net Assets | | | | |
| Liabilities | | | | |
| Accounts Payable and Accrued Expenses | \$ 1,056,056 | \$ 250 | \$ - | \$ 1,056,306 |
| Due to AAUW, Inc. | - | 23,390 | (23,390) | - |
| Committed Awards and Grants Payable | 4,960,628 | - | - | 4,960,628 |
| Deferred Revenue | 1,829,131 | - | - | 1,829,131 |
| Deferred Rent and Lease Incentive | 4,589,686 | - | - | 4,589,686 |
| Split Interest Agreements | 503,032 | - | - | 503,032 |
| CARES Act PPP Refundable Advance | 854,475 | - | - | 854,475 |
| Sublease Liability | 2,165,852 | - | - | 2,165,852 |
| Other Liabilities | 223,365 | - | - | 223,365 |
| Total Liabilities | 16,182,225 | 23,640 | (23,390) | 16,182,475 |
| Net Assets | | | | |
| Without Donor Restrictions | 3,951,829 | 1,113,384 | - | 5,065,213 |
| With Donor Restrictions | | | | |
| Purpose Restricted | 71,639,344 | - | - | 71,639,344 |
| Endowment Funds | 74,109,822 | - | - | 74,109,822 |
| Total With Donor Restrictions | <u>145,749,166</u> | <u>-</u> | <u>-</u> | <u>145,749,166</u> |
| Total Net Assets | <u>149,700,995</u> | <u>1,113,384</u> | <u>-</u> | <u>150,814,379</u> |
| Total Liabilities and Net Assets | <u>\$ 165,883,220</u> | <u>\$ 1,137,024</u> | <u>\$ (23,390)</u> | <u>\$ 166,996,854</u> |

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**CONSOLIDATING DETAILED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| | <u>AAUW, Inc.</u> | <u>AAUW Action Fund</u> | <u>Eliminations</u> | <u>Consolidated Total</u> |
|--|-----------------------|-----------------------------|---------------------|-------------------------------|
| Revenue and Support | | | | |
| Contributions and Grants | \$ 6,310,389 | \$ 3,525 | \$ (300,000) | \$ 6,013,914 |
| Investment Return, Net | 36,335,549 | (24) | - | 36,335,525 |
| Rental Income | 326,955 | - | - | 326,955 |
| Membership Dues Income | 2,421,600 | 121,547 | - | 2,543,147 |
| Change in Value of Split- Interest Agreements | (80,661) | - | - | (80,661) |
| Conference Revenue | 221,407 | - | - | 221,407 |
| Other Income | 72,113 | - | - | 72,113 |
| | <u>45,607,352</u> | <u>125,048</u> | <u>(300,000)</u> | <u>45,432,400</u> |
| Expenses | | | | |
| Program Services | 9,990,820 | 370,121 | (300,000) | 10,060,941 |
| Supporting Services | | | | |
| Management and General | 3,184,359 | - | - | 3,184,359 |
| Development and Fundraising | 1,498,384 | 4,514 | - | 1,502,898 |
| | <u>14,673,563</u> | <u>374,635</u> | <u>(300,000)</u> | <u>14,748,198</u> |
| Change in Net Assets | 30,933,789 | (249,587) | - | 30,684,202 |
| Net Assets, Beginning of Year | <u>118,767,206</u> | <u>1,362,971</u> | <u>-</u> | <u>120,130,177</u> |
| Net Assets, End of Year | <u>\$ 149,700,995</u> | <u>\$ 1,113,384</u> | <u>\$ -</u> | <u>\$ 150,814,379</u> |

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
AND AAUW ACTION FUND, INC.**

**SUMMARY OF AMOUNTS AVAILABLE FOR EXPENDITURES FOR THE ROTHSCHILD AWARD
FOR THE YEAR ENDED JUNE 30, 2021**

| | |
|--|-----------------|
| Amounts Available for Expenditures, Beginning of Year | \$ 15,850 |
| Income Earned* | 25,158 |
| Expenditures | |
| Case Support (At Least 60% Each Year) | 35,000 |
| Overhead (No More Than 10% of Net Income) | <u>3,500</u> |
| Total Expenditures | <u>38,500</u> |
| Amounts Available for Expenditures, End of Year | <u>\$ 2,508</u> |

* Income earned on the Rothschild Award during fiscal year 2020 is to be used in the year ended June 30, 2021 (income is spent in arrears, after the amount is known).

The Rothschild Award activity above is included in the Legal Advocacy Fund in the accompanying consolidated financial statements.