

CONSOLIDATED FINANCIAL STATEMENTS

**AMERICAN ASSOCIATION OF UNIVERSITY
WOMEN, INC.**

AAUW ACTION FUND, INC.

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

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

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022, and the consolidated 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.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Prior Year Comparative Statements

The consolidated financial statements of the Organization for the year ended June 30, 2021 were audited by other auditors, whose report dated December 8, 2021, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position, activities and change in net assets on pages 29 - 31 are presented for 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 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 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.



December 7, 2022

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,946,344	\$ 3,145,434
Contributions and grants receivable	210,000	2,228,738
Other receivables	1,377,339	239,155
Prepaid expenses and other assets	1,207,095	1,207,312
Property and equipment, net	4,030,998	3,686,477
Investments	<u>130,908,370</u>	<u>156,489,738</u>
TOTAL ASSETS	<u>\$ 139,680,146</u>	<u>\$ 166,996,854</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,005,530	\$ 1,056,306
Committed awards and grants payable	6,158,407	4,960,628
Deferred revenue	1,534,932	1,829,131
Deferred rent and lease incentive	4,413,061	4,589,686
Split interest agreements	469,664	503,032
CARES Act PPP refundable advance	-	854,475
Sublease liability	2,039,725	2,165,852
Other liabilities	<u>211,913</u>	<u>223,365</u>
Total liabilities	<u>15,833,232</u>	<u>16,182,475</u>

NET ASSETS

Without donor restrictions	6,029,047	5,065,213
With donor restrictions	<u>117,817,867</u>	<u>145,749,166</u>
Total net assets	<u>123,846,914</u>	<u>150,814,379</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 139,680,146</u>	<u>\$ 166,996,854</u>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 5,470,240	\$ 1,073,598	\$ 6,543,838
Investment loss, net	(834,844)	(18,724,620)	(19,559,464)
Membership dues	2,279,183	-	2,279,183
Rental income	502,263	-	502,263
Conference revenue	163,650	-	163,650
Change in value of split interest agreements	-	(44,748)	(44,748)
Other revenue	30,744	-	30,744
Net assets released from donor restrictions	<u>10,235,529</u>	<u>(10,235,529)</u>	<u>-</u>
Total revenue and support	<u>17,846,765</u>	<u>(27,931,299)</u>	<u>(10,084,534)</u>
EXPENSES			
Program Services	<u>12,134,753</u>	<u>-</u>	<u>12,134,753</u>
Supporting Services:			
Management and General	3,495,217	-	3,495,217
Development and Fundraising	<u>1,252,961</u>	<u>-</u>	<u>1,252,961</u>
Total supporting services	<u>4,748,178</u>	<u>-</u>	<u>4,748,178</u>
Total expenses	<u>16,882,931</u>	<u>-</u>	<u>16,882,931</u>
Changes in net assets	963,834	(27,931,299)	(26,967,465)
Net assets at beginning of year	<u>5,065,213</u>	<u>145,749,166</u>	<u>150,814,379</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,029,047</u>	<u>\$ 117,817,867</u>	<u>\$ 123,846,914</u>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 3,993,771	\$ 2,020,143	\$ 6,013,914
Investment income, net	1,962,803	34,372,722	36,335,525
Membership dues	2,543,147	-	2,543,147
Rental income	326,955	-	326,955
Conference revenue	221,407	-	221,407
Change in value of split interest agreements	-	(80,661)	(80,661)
Other revenue	72,113	-	72,113
Net assets released from donor restrictions	<u>8,473,623</u>	<u>(8,473,623)</u>	<u>-</u>
Total revenue and support	<u>17,593,819</u>	<u>27,838,581</u>	<u>45,432,400</u>
EXPENSES			
Program Services	<u>10,060,941</u>	<u>-</u>	<u>10,060,941</u>
Supporting Services:			
Management and General	3,184,359	-	3,184,359
Development and Fundraising	<u>1,502,898</u>	<u>-</u>	<u>1,502,898</u>
Total supporting services	<u>4,687,257</u>	<u>-</u>	<u>4,687,257</u>
Total expenses	<u>14,748,198</u>	<u>-</u>	<u>14,748,198</u>
Changes in net assets	2,845,621	27,838,581	30,684,202
Net assets at beginning of year	<u>2,219,592</u>	<u>117,910,585</u>	<u>120,130,177</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,065,213</u>	<u>\$ 145,749,166</u>	<u>\$ 150,814,379</u>

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total Supporting Services</u>	
Salaries, benefits and taxes	\$ 3,336,167	\$ 1,411,406	\$ 579,695	\$ 1,991,101	\$ 5,327,268
Grants and contributions	6,448,588	-	-	-	6,448,588
Occupancy	582,771	1,149,691	101,126	1,250,817	1,833,588
Office expenses	285,137	56,409	306,751	363,160	648,297
Information technology	345,498	211,896	36,284	248,180	593,678
Depreciation and amortization	195,342	58,548	24,033	82,581	277,923
Professional fees	652,492	281,487	168,827	450,314	1,102,806
General insurance	21,302	43,833	1,154	44,987	66,289
Travel	105	11,167	-	11,167	11,272
Dues, subscriptions and publications	20,839	4,348	2,096	6,444	27,283
Other expenses	417	170,892	-	170,892	171,309
Advertising and promotion	79,067	-	-	-	79,067
Conferences and meetings	44,351	2,909	2,792	5,701	50,052
Temporary employee fees	122,677	92,631	30,203	122,834	245,511
TOTAL	\$ 12,134,753	\$ 3,495,217	\$ 1,252,961	\$ 4,748,178	\$ 16,882,931

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services	Supporting Services			Total Expenses
		Management and General	Development and Fundraising	Total Supporting Services	
Salaries, benefits and taxes	\$ 3,195,682	\$ 1,345,163	\$ 741,880	\$ 2,087,043	\$ 5,282,725
Grants and contributions	4,964,918	-	-	-	4,964,918
Occupancy	559,708	1,124,800	129,493	1,254,293	1,814,001
Office expenses	268,694	69,857	364,561	434,418	703,112
Information technology	319,223	175,119	44,752	219,871	539,094
Depreciation and amortization	183,914	53,403	29,006	82,409	266,323
Professional fees	463,121	141,408	174,310	315,718	778,839
General insurance	19,354	39,105	1,428	40,533	59,887
Travel	512	(230)	19	(211)	301
Dues, subscriptions and publications	28,539	1,468	802	2,270	30,809
Other expenses	175	182,500	-	182,500	182,675
Advertising and promotion	23,685	-	385	385	24,070
Conferences and meetings	31,151	-	1,350	1,350	32,501
Temporary employee fees	2,265	51,766	14,912	66,678	68,943
TOTAL	\$ 10,060,941	\$ 3,184,359	\$ 1,502,898	\$ 4,687,257	\$ 14,748,198

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (26,967,465)	\$ 30,684,202
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	453,411	441,811
Unrealized loss (gain)	28,245,646	(30,393,049)
Realized gain	(6,334,818)	(3,897,053)
Contributions to be invested in perpetuity	(55,255)	(91,531)
Loss on disposal of property and equipment	-	1,317
Decrease (increase) in:		
Contributions and grants receivable	2,018,738	2,497,675
Other receivables	(1,138,184)	(61,211)
Prepaid expenses and other assets	217	(154,345)
(Decrease) increase in:		
Accounts payable and accrued expenses	(50,776)	220,597
Committed awards and grants payable	1,197,779	1,326,537
Deferred revenue	(294,199)	(120)
Deferred rent and lease incentive	(176,625)	(114,243)
CARES Act PPP refundable advance	(854,475)	129,475
Sublease liability	(126,127)	(200,190)
Split interest agreements	49,161	65,713
Other liabilities	(11,452)	(59,125)
Net cash (used) provided by operating activities	<u>(4,044,424)</u>	<u>396,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(797,932)	(487,337)
Purchase of investments	(21,455,504)	(11,923,905)
Proceeds from sale of investments	<u>25,126,044</u>	<u>9,918,043</u>
Net cash provided (used) by investing activities	<u>2,872,608</u>	<u>(2,493,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to beneficiaries from split-interest agreements	(82,529)	(79,610)
Contributions to be invested in perpetuity	<u>55,255</u>	<u>91,531</u>
Net cash (used) provided by financing activities	<u>(27,274)</u>	<u>11,921</u>
Net decrease in cash and cash equivalents	(1,199,090)	(2,084,818)
Cash and cash equivalents at beginning of year	<u>3,145,434</u>	<u>5,230,252</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,946,344</u>	<u>\$ 3,145,434</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

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.

Major programs of AAUW:

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.

Training 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, the STEMEd for Girls Program, and other programs. 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.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Organizations (continued) -

Major programs of AAUW (continued):

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.

Major programs of the Action Fund:

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 accounts of AAUW and the Action Fund (collectively, the Organization) have been consolidated in accordance with accounting principles generally accepted in the United States of America established by FASB ASC 958-810, Not-for-Profit Entities Consolidation, which require that financially interrelated organizations be consolidated. 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. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. 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. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service. 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.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions (continued)** - Net assets with endowment restrictions maintained in perpetuity by AAUW 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 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.

New accounting pronouncements adopted -

During the year ended June 30, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

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. 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.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$1,295,980 and \$1,134,540 for the years ended June 30, 2022 and 2021, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents (continued) -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment (loss) income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

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 collectable; therefore, no allowance for doubtful accounts has been established.

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, ten 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. Leasehold improvements amortization in the amount of \$175,488 and \$175,488 is included in occupancy expense on the Statement of Functional Expenses for the years ended June 30, 2022 and 2021, respectively. All other depreciation and amortization expense for the years ended June 30, 2022 and 2021 totaled \$277,923 and \$266,323, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statements of Activities and Changes in Net Assets, to its current fair value.

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.

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AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Income taxes (continued) -

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.

Uncertain tax positions -

For the years ended June 30, 2022 and 2021, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Revenue -

Contributions and grants -

The Organization receives contributions, including unconditional promises to give, from many sources. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Funds received in advance of the incurrence of qualifying expenditures are recorded as a refundable advance. For contributions and grants treated as conditional contributions, the Organization did not have any unrecognized conditional awards as of June 30, 2022 and 2021.

Contracts and program revenue -

Contracts and program revenue classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers* are recorded as revenue at a point in time when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Conference revenue -

Conference revenue is recognized as revenue when the related events are held.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue (continued) -

Membership dues -

Membership dues include general member benefits that are a series of distinct obligations. The revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted rates to conferences and meetings; however, they are immaterial in nature to the contract and thus are included with the general member benefits. Any amounts considered as a contribution are recognized upon receipt. Life membership dues are recognized evenly over 20 years.

Deferred revenue consists of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred Revenue - General	\$ 984,409	\$ 1,025,827
Deferred Revenue - National Members	12,404	302,047
Deferred Revenue - Life Dues	<u>538,119</u>	<u>501,257</u>
TOTAL DEFERRED REVENUE	<u>\$ 1,534,932</u>	<u>\$ 1,829,131</u>

Use of estimates -

The preparation of the 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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.
- 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. A liability equal to the present value of the future distributions is recorded.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis. Overhead is allocated based on total direct cost after IT and building operations have been allocated.

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncement not yet adopted -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities beginning after December 15, 2021. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

2. INVESTMENTS

Investments consisted of the following as of June 30, 2022 and 2021:

	2022	2021
	Fair Value	Fair Value
Investments:		
Cash and cash equivalent	\$ 1,295,980	\$ 1,134,540
Government Bonds	-	104,945
U.S. Common Stocks	60,696	63,278
Mutual funds and ETFs:		
Equity	87,836,573	-
Fixed income	40,935,783	50,740,545
International equities	-	31,379,939
Alternative strategy	10,207	7,066,255
U.S Large cap fund	-	47,606,941
U.S Small cap fund	-	17,479,722
	\$ 130,139,239	\$ 155,576,165
Split-Interest Investments:		
Cash and cash equivalent	\$ 49,312	\$ 50,386
Government Bonds	100,428	-
Mutual funds and ETFs:		
Equity	412,031	500,858
Fixed income	207,360	362,329
	\$ 769,131	\$ 913,573
	\$ 130,908,370	\$ 156,489,738

Included in investment (loss) income, net are the following:

	2022	2021
Interest and dividends	\$ 2,461,954	\$ 2,145,635
Unrealized (loss) gain	(28,245,646)	30,393,049
Realized gain	6,334,818	3,897,053
Investment expenses	(110,590)	(100,212)
	\$ (19,559,464)	\$ 36,335,525

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Leasehold improvements	\$ 2,844,397	\$ 2,844,397
Computer equipment and software	1,139,200	1,130,554
Furniture and equipment	930,530	930,530
Work in process (CRM systems)	1,353,972	569,061
Website	296,448	292,073
Copyright	125,000	125,000
Telephone equipment	22,441	22,441
Mailing system	11,151	11,151
Total Property and equipment	6,723,139	5,925,207
Less: Accumulated depreciation and amortization	(2,692,141)	(2,238,730)
NET PROPERTY AND EQUIPMENT	\$ 4,030,998	\$ 3,686,477

4. SPLIT-INTEREST AGREEMENTS -

Gift Annuities -

As of June 30, 2022 and 2021, total assets of the gift annuity funds, at fair market value, were \$394,453 and \$460,621, respectively. As of June 30, 2022 and 2021, the gift annuity funds liability totaled \$330,612 and \$327,420, respectively, and was computed using interest rates ranging from 1.2% to 8.2%.

Charitable Remainder Unitrusts (CRUT) -

As of June 30, 2022 and 2021, the total assets of the charitable remainder unitrust, at fair market value, were \$374,678 and \$452,952, respectively. As of June 30, 2022 and 2021, the charitable remainder unitrust liabilities totaled \$139,052 and \$175,612, respectively, and were computed using an interest rate of 2%.

5. COMMITTED AWARDS AND GRANTS PAYABLE

The Organization's Board of Directors approves certain awards and grants to be paid in accordance with program restrictions. Committed awards and grants payable consisted of the following as of June 30, 2022 and 2021:

	2022	2021
American Fellowships	\$ 2,412,131	\$ 2,333,303
International Fellowships	2,489,000	1,488,000
Research and Projects	597,018	538,182
NYC Metropolitan Area Fund	242,000	246,818
Research Publication Grant	305,650	238,460
International Project Grants	20,762	13,639
Prior Year Amounts Held	91,846	102,226
TOTAL COMMITTED AWARDS AND GRANTS PAYABLE	\$ 6,158,407	\$ 4,960,628

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

6. CARES ACT 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 to cover certain other expenses. 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. The PPP loan was forgiven in full in March 2021 and is included in contributions and grants on the Consolidated Statement of Activities and Changes in Net Assets 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 accounted for this SBA loan as a conditional contribution since repayment had not been waived as of June 30, 2021, and as such the loan proceeds were shown as CARES Act PPP Refundable Advance on the Consolidated Statement of Financial Position. During the year ended June 30, 2022, AAUW expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they have met all conditions set forth for full forgiveness. Accordingly, the PPP funding is recognized in contributions and grants on the Consolidated Statement of Activities and Changes in Net Assets for the year ended June 30, 2022.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose:		
STEM Education (Nancy Grace Roman)	\$ 6,065,725	\$ 8,004,455
NYC Metropolitan Area Fund	3,121,635	4,703,099
Tech Trek	291,880	273,825
Legal Advocacy Fund	306,817	333,296
Split-Interest Agreements	259,369	410,541
Women's Economic Empowerment Program	199,800	535,768
Research and Projects	139,976	-
STEMEd for Girls	104,775	69,480
Work Smart	50,000	66,023
Mooneen Lecce	42,912	28,707
Other Restricted Funds	15,748	40,906
International Fellowships	12,001	-
American fellowships	6,143	-
Eleanor Roosevelt Fund	-	12,050
Accumulated investment earnings	<u>33,036,009</u>	<u>57,161,194</u>
Total with program restrictions	43,652,790	71,639,344
Endowment invested in perpetuity	<u>74,165,077</u>	<u>74,109,822</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 117,817,867	\$ 145,749,166

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2022	2021
Purpose restrictions accomplished:		
American Fellowships	\$ 3,230,459	\$ 3,403,918
International Fellowships	2,879,169	1,880,128
NYC Metropolitan Area Fund	1,037,996	862,559
STEM Education	861,778	624,023
Research and Projects	709,426	512,641
Women's Economic Empowerment Program	535,968	361,494
Legal Advocacy Fund	487,774	142,858
Plan Giving	165,486	224,305
STEMEd for Girls	168,770	50,332
Tech Trek	56,443	39,442
Other Restricted Funds	52,260	11,233
NCCWSL	30,022	53,465
Eleanor Roosevelt Fund	19,978	173,225
Latina Project	-	100,000
Mooneen Lecce	-	34,000
	\$ 10,235,529	\$ 8,473,623

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	2022	2021
Cash and cash equivalents	\$ 1,946,344	\$ 3,145,434
Contributions and grants receivable	210,000	2,228,738
Other receivables	1,377,339	239,155
Investments	130,139,239	155,576,165
Subtotal financial assets available within one year	133,672,922	161,189,492
Less: Donor restricted funds	(117,817,867)	(145,749,166)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 15,855,055	\$ 15,440,326

The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

9. LEASE COMMITMENTS

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 Statements 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.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2023	\$ 2,635,745
2024	2,701,802
2025	2,769,343
2026	2,841,897
2027	2,947,300
Thereafter	<u>15,597,646</u>
	<u>\$ 29,493,733</u>

Rent expense for the years ended June 30, 2022 and 2021 totaled approximately \$1,575,000 and \$1,545,000, respectively, and is included in occupancy on the Statements of Functional Expenses. For the years ended June 30, 2022 and 2021, the deferred rent liability totaled \$4,413,061 and \$4,589,686, respectively.

During 2020, the Organization entered into a sublease for a portion of its office lease which is at a reduced rate from the lease. For the years ended June 30, 2022 and 2021, the sublease liability was \$2,039,725 and \$2,165,852, respectively.

Additionally, the Organization subleases a portion of its office space under various leases expiring throughout 2032.

The following is a schedule of the future minimum rental income:

<u>Year Ending June 30,</u>	
2023	\$ 923,584
2024	807,425
2025	799,703
2026	699,388
2027	649,714
Thereafter	<u>3,807,420</u>
	<u>\$ 7,687,234</u>

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

9. LEASE COMMITMENTS (Continued)

Rental income for the years ended June 30, 2022 and 2021 totaled \$502,263 and \$326,955, respectively.

10. 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. 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, 2022 and 2021, AAUW's contributions under the above plans totaled \$344,047 and \$375,233, respectively.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used or transfers between levels in the fair value hierarchy during the year ended June 30, 2022 and 2021.

- *Money Market Funds* - The money market funds are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.

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AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

11. FAIR VALUE MEASUREMENT (Continued)

- *U.S. Government Securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds and ETFs* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization's are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization's are deemed to be actively traded.
- *Interests in Hedge Funds, Real Estate and Other Equity Funds, and Limited Partnerships* - Valued at net asset value (NAV) of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The table below summarizes, the assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
INVESTMENTS				
Cash and cash equivalent	\$ 1,295,980	\$ -	\$ -	\$ 1,295,980
U.S. Common Stocks	60,696	-	-	60,696
Mutual funds and ETFs:				
Equity	87,836,573	-	-	87,836,573
Fixed income	40,935,783	-	-	40,935,783
Alternative strategy	<u>10,207</u>	<u>-</u>	<u>-</u>	<u>10,207</u>
TOTAL INVESTMENTS AT FAIR VALUE	<u>\$130,139,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$130,139,239</u>
SPLIT-INTEREST INVESTMENTS				
Cash and cash equivalent	\$ 49,312	\$ -	\$ -	\$ 49,312
Government Bonds	100,428	-	-	100,428
Mutual funds and ETFs:				
Equity	412,031	-	-	412,031
Fixed income	<u>207,360</u>	<u>-</u>	<u>-</u>	<u>207,360</u>
TOTAL SPLIT-INTEREST INVESTMENTS AT FAIR VALUE	<u>\$ 769,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 769,131</u>
TOTAL SPLIT-INTEREST AGREEMENT LIABILITIES AT FAIR VALUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,664</u>	<u>\$ 469,664</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

11. FAIR VALUE MEASUREMENT

The table below summarizes, the assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalent	\$ 1,134,540	\$ -	\$ -	\$ 1,134,540
Government Bonds	104,945	-	-	104,945
U.S. Common Stocks	63,278	-	-	63,278
Mutual funds and ETFs:				
Fixed income	50,740,545	-	-	50,740,545
International equities	31,379,939	-	-	31,379,939
Alternative strategy	7,066,255	-	-	7,066,255
U.S Large cap fund	47,606,941	-	-	47,606,941
U.S Small cap fund	<u>17,479,722</u>	<u>-</u>	<u>-</u>	<u>17,479,722</u>
TOTAL INVESTMENTS AT FAIR VALUE	<u>\$ 155,576,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,576,165</u>
SPLIT-INTEREST INVESTMENTS				
Cash and cash equivalent	\$ 50,386	\$ -	\$ -	\$ 50,386
Mutual funds and ETFs:				
Equity	500,858	-	-	500,858
Fixed income	<u>362,329</u>	<u>-</u>	<u>-</u>	<u>362,329</u>
TOTAL SPLIT-INTEREST INVESTMENTS AT FAIR VALUE	<u>\$ 913,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 913,573</u>
TOTAL SPLIT-INTEREST AGREEMENT LIABILITIES AT FAIR VALUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,032</u>	<u>\$ 503,032</u>

Level 3 Financial Liabilities

The following table provides a summary of changes in fair value of the Organization's Level 3 financial liabilities for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 503,032	\$ 516,929
Contributions to split-interest agreements	30,037	-
Distributions from split-interest agreements	-	(24,298)
Change in value of split-interest agreements	19,124	90,011
Payments to beneficiaries	<u>(82,529)</u>	<u>(79,610)</u>
BALANCE, END OF YEAR	<u>\$ 469,664</u>	<u>\$ 503,032</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

12. ENDOWMENT FUNDS

AAUW's endowment consists of numerous donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment funds to be invested in perpetuity as of June 30, 2022 and 2021 were as follows:

	2022	2021
American Fellowship Endowment	\$ 43,409,771	\$ 43,400,580
International Fellowship Endowment	17,317,034	17,299,769
Research and Projects Endowments	12,265,362	12,256,563
Legal Advocacy Fund	1,140,115	1,120,115
Campus Leadership Fund	32,658	32,658
Mooneen Lecce	137	137
TOTAL ENDOWMENT FUNDS	\$ 74,165,077	\$ 74,109,822

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

12. ENDOWMENT FUNDS (Continued)

Endowment net asset composition by type of fund as of June 30, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 74,165,077	\$ 74,165,077
Accumulated investment earnings, net	<u>-</u>	<u>33,036,009</u>	<u>33,036,009</u>
TOTAL ENDOWMENT FUNDS	<u>\$ -</u>	<u>\$ 107,201,086</u>	<u>\$ 107,201,086</u>

Changes in endowment net assets for the year ended June 30, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 131,271,016	\$ 131,271,016
Investment loss, net	-	(16,916,402)	(16,916,402)
Contributions	-	55,255	55,255
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(7,208,783)</u>	<u>(7,208,783)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 107,201,086</u>	<u>\$ 107,201,086</u>

Endowment net asset composition by type of fund as of June 30, 2021:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 74,109,822	\$ 74,109,822
Accumulated investment earnings	<u>-</u>	<u>57,161,194</u>	<u>57,161,194</u>
TOTAL ENDOWMENT FUNDS	<u>\$ -</u>	<u>\$ 131,271,016</u>	<u>\$ 131,271,016</u>

Changes in endowment net assets for the year ended of June 30, 2021:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 104,842,744	\$ 104,842,744
Investment return, net	-	31,931,318	31,931,318
Contributions	-	707,128	707,128
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(6,210,174)</u>	<u>(6,210,174)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 131,271,016</u>	<u>\$ 131,271,016</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

12. ENDOWMENT FUNDS (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. There were no deficiencies of this nature for the years ended June 30, 2022 and 2021.

Return Objectives and Risk Parameters -

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.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

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, 2022 and 2021, AAUW's spending policy was 5%, of the average value of the endowment portfolio for the trailing twelve quarters.

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 7, 2022, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

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

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2022**

ASSETS

	<u>AAUW</u>	<u>The Action Fund</u>	<u>Eliminations</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,896,191	\$ 50,153	\$ -	\$ 1,946,344
Contributions and grants receivable	210,000	-	-	210,000
Other receivables	1,377,339	-	-	1,377,339
Due from related parties	-	25,682	(25,682)	-
Prepaid expenses and other assets	1,207,095	-	-	1,207,095
Property and equipment, net	4,030,998	-	-	4,030,998
Investments	<u>130,121,738</u>	<u>786,632</u>	<u>-</u>	<u>130,908,370</u>
TOTAL ASSETS	<u>\$ 138,843,361</u>	<u>\$ 862,467</u>	<u>\$ (25,682)</u>	<u>\$ 139,680,146</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,005,530	\$ -	\$ -	\$ 1,005,530
Committed awards and grants payable	6,158,407	-	-	6,158,407
Deferred revenue	1,534,932	-	-	1,534,932
Deferred rent and lease incentive	4,413,061	-	-	4,413,061
Split interest agreements	469,664	-	-	469,664
Due to related parties	25,682	-	(25,682)	-
Sublease liability	2,039,725	-	-	2,039,725
Other liabilities	<u>211,913</u>	<u>-</u>	<u>-</u>	<u>211,913</u>
Total liabilities	<u>15,858,914</u>	<u>-</u>	<u>(25,682)</u>	<u>15,833,232</u>

NET ASSETS

Without donor restrictions	5,166,580	862,467	-	6,029,047
With donor restrictions	<u>117,817,867</u>	<u>-</u>	<u>-</u>	<u>117,817,867</u>
Total net assets	<u>122,984,447</u>	<u>862,467</u>	<u>-</u>	<u>123,846,914</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 138,843,361</u>	<u>\$ 862,467</u>	<u>\$ (25,682)</u>	<u>\$ 139,680,146</u>

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

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>AAUW</u>	<u>The Action Fund</u>	<u>Eliminations</u>	<u>Total</u>
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS				
Contributions and grants	\$ 5,770,215	\$ 25	\$ (300,000)	\$ 5,470,240
Investment (loss) income, net	(834,868)	24	-	(834,844)
Membership dues	2,191,801	87,382	-	2,279,183
Rental income	502,263	-	-	502,263
Conference revenue	163,650	-	-	163,650
Other revenue	30,744	-	-	30,744
Net assets released from donor restrictions	<u>10,235,529</u>	<u>-</u>	<u>-</u>	<u>10,235,529</u>
Total revenue and support without donor restrictions	<u>18,059,334</u>	<u>87,431</u>	<u>(300,000)</u>	<u>17,846,765</u>
EXPENSES				
Program Services	<u>12,111,272</u>	<u>323,481</u>	<u>(300,000)</u>	<u>12,134,753</u>
Supporting Services:				
Management and General	3,486,487	8,730	-	3,495,217
Development and Fundraising	<u>1,246,824</u>	<u>6,137</u>	<u>-</u>	<u>1,252,961</u>
Total supporting services	<u>4,733,311</u>	<u>14,867</u>	<u>-</u>	<u>4,748,178</u>
Total expenses	<u>16,844,583</u>	<u>338,348</u>	<u>(300,000)</u>	<u>16,882,931</u>
Change in net assets without donor restrictions	<u>1,214,751</u>	<u>(250,917)</u>	<u>-</u>	<u>963,834</u>
REVENUE AND SUPPORT WITH DONOR RESTRICTIONS				
Contributions and grants	1,073,598	-	-	1,073,598
Investment (loss) income, net, net	(18,724,620)	-	-	(18,724,620)
Change in value of split-interest agreements	(44,748)	-	-	(44,748)
Net assets released from donor restrictions	<u>(10,235,529)</u>	<u>-</u>	<u>-</u>	<u>(10,235,529)</u>
Change in net assets with donor restrictions	<u>(27,931,299)</u>	<u>-</u>	<u>-</u>	<u>(27,931,299)</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ (26,716,548)</u>	<u>\$ (250,917)</u>	<u>\$ -</u>	<u>\$ (26,967,465)</u>

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

CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>AAUW</u>	<u>The Action Fund</u>	<u>Eliminations</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net assets at beginning of year	\$ 3,951,829	\$ 1,113,384	\$ -	\$ 5,065,213
Change in net assets without donor restrictions	<u>1,214,751</u>	<u>(250,917)</u>	<u>-</u>	<u>963,834</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 5,166,580</u>	<u>\$ 862,467</u>	<u>\$ -</u>	<u>\$ 6,029,047</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets at beginning of year	\$ 145,749,166	\$ -	\$ -	\$ 145,749,166
Change in net assets with donor restrictions	<u>(27,931,299)</u>	<u>-</u>	<u>-</u>	<u>(27,931,299)</u>
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 117,817,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,817,867</u>
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 122,984,447</u>	<u>\$ 862,467</u>	<u>\$ -</u>	<u>\$ 123,846,914</u>