

CONSOLIDATED FINANCIAL STATEMENTS

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

AAUW ACTION FUND, INC.

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

**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 statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years 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, 2023 and 2022, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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.

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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.

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.

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 31 - 33 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 6, 2023

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022**

ASSETS

CURRENT ASSETS	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,151,150	\$ 1,946,344
Contributions and grants receivable	121,369	210,000
Other receivables	1,335,745	1,377,339
Prepaid expenses and other assets	1,026,975	1,207,095
Deferred rent receivable	347,765	15,817
Right-of-use asset, net	17,660,774	-
Property and equipment, net	2,032,315	4,030,998
Investments	<u>132,192,029</u>	<u>130,908,370</u>
TOTAL ASSETS	\$ <u>157,868,122</u>	\$ <u>139,695,963</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 984,910	\$ 1,005,530
Committed awards and grants payable	6,524,451	6,158,407
Deferred revenue	2,021,684	1,534,932
Deferred rent and lease incentive	-	4,413,061
Split interest agreements	452,677	469,664
Sublease liability	-	2,039,725
Other liabilities	90,709	227,730
Operating lease liability	<u>22,236,460</u>	<u>-</u>
Total liabilities	<u>32,310,891</u>	<u>15,849,049</u>

NET ASSETS

Without donor restrictions	5,278,996	6,029,047
With donor restrictions	<u>120,278,235</u>	<u>117,817,867</u>
Total net assets	<u>125,557,231</u>	<u>123,846,914</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>157,868,122</u>	\$ <u>139,695,963</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, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 2,712,798	\$ 1,080,970	\$ 3,793,768
Investment income, net	862,010	11,754,293	12,616,303
Membership dues	2,084,795	-	2,084,795
Lease income	1,031,554	-	1,031,554
Conference revenue	276,573	-	276,573
Change in value of split interest agreements	-	(62,795)	(62,795)
Other loss	(4,448)	-	(4,448)
Net assets released from donor restrictions	<u>10,312,100</u>	<u>(10,312,100)</u>	<u>-</u>
Total revenue and support	<u>17,275,382</u>	<u>2,460,368</u>	<u>19,735,750</u>
EXPENSES			
Program Services	<u>12,311,228</u>	<u>-</u>	<u>12,311,228</u>
Supporting Services:			
Management and General	4,207,264	-	4,207,264
Development and Fundraising	<u>1,506,941</u>	<u>-</u>	<u>1,506,941</u>
Total supporting services	<u>5,714,205</u>	<u>-</u>	<u>5,714,205</u>
Total expenses	<u>18,025,433</u>	<u>-</u>	<u>18,025,433</u>
Changes in net assets	(750,051)	2,460,368	1,710,317
Net assets at beginning of year	<u>6,029,047</u>	<u>117,817,867</u>	<u>123,846,914</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,278,996</u>	<u>\$ 120,278,235</u>	<u>\$ 125,557,231</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
Lease income	1,159,385	-	1,159,385
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>18,503,887</u>	<u>(27,931,299)</u>	<u>(9,427,412)</u>
EXPENSES			
Program Services	<u>12,343,607</u>	<u>-</u>	<u>12,343,607</u>
Supporting Services:			
Management and General	3,907,243	-	3,907,243
Development and Fundraising	<u>1,289,203</u>	<u>-</u>	<u>1,289,203</u>
Total supporting services	<u>5,196,446</u>	<u>-</u>	<u>5,196,446</u>
Total expenses	<u>17,540,053</u>	<u>-</u>	<u>17,540,053</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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Supporting Services				Total Expenses
	Program Services	Management and General	Development and Fundraising	Total Supporting Services	
Salaries, benefits and taxes	\$ 3,188,685	\$ 1,344,938	\$ 749,142	\$ 2,094,080	\$ 5,282,765
Grants and contributions	6,389,857	-	-	-	6,389,857
Occupancy	462,303	1,711,760	108,377	1,820,137	2,282,440
Office expenses	422,396	69,858	411,584	481,442	903,838
Information technology	385,143	223,511	56,289	279,800	664,943
Depreciation and amortization	274,468	88,698	49,955	138,653	413,121
Professional fees	465,308	601,108	125,027	726,135	1,191,443
General insurance	23,912	41,194	1,504	42,698	66,610
Travel	25,346	25,243	1,296	26,539	51,885
Dues, subscriptions and publications	28,382	3,914	2,066	5,980	34,362
Other expenses	-	-	45	45	45
Advertising and promotion	55,068	-	-	-	55,068
Conferences and meetings	295,254	7,963	1,656	9,619	304,873
Temporary employee fees	295,106	89,077	-	89,077	384,183
TOTAL	<u>\$ 12,311,228</u>	<u>\$ 4,207,264</u>	<u>\$ 1,506,941</u>	<u>\$ 5,714,205</u>	<u>\$ 18,025,433</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 Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Development and Fundraising</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	791,625	1,561,717	137,368	1,699,085	2,490,710
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	<u>\$ 12,343,607</u>	<u>\$ 3,907,243</u>	<u>\$ 1,289,203</u>	<u>\$ 5,196,446</u>	<u>\$ 17,540,053</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,710,317	\$ (26,967,465)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	413,121	453,411
Unrealized (gain) loss	(8,021,290)	28,245,646
Realized gain	(1,637,736)	(6,334,818)
Contributions to be invested in perpetuity	(266,629)	(55,255)
Amortization of right-of-use asset	1,524,642	-
Change in value of split interest agreements	62,795	44,748
Loss on disposal of property and equipment	59,625	-
Decrease (increase) in:		
Contributions and grants receivable	88,631	2,018,738
Other receivables	41,594	(1,138,184)
Prepaid expenses and other assets	180,120	217
Deferred rent receivable	(331,948)	-
(Decrease) increase in:		
Accounts payable and accrued expenses	(20,620)	(50,776)
Committed awards and grants payable	366,044	1,197,779
Deferred revenue	486,752	(294,199)
Deferred rent and lease incentive	-	(176,625)
CARES Act PPP refundable advance	-	(854,475)
Sublease liability	-	(126,127)
Other liabilities	(137,021)	(11,452)
Operating lease liability	<u>(1,661,428)</u>	<u>-</u>
Net cash used by operating activities	<u>(7,143,031)</u>	<u>(4,048,837)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(214,377)	(797,932)
Purchases of investments	(15,251,460)	(21,455,504)
Proceeds from sale of investments	<u>23,626,827</u>	<u>25,126,044</u>
Net cash provided by investing activities	<u>8,160,990</u>	<u>2,872,608</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to beneficiaries of split interest agreements	(79,782)	(78,116)
Contributions to be invested in perpetuity	<u>266,629</u>	<u>55,255</u>
Net cash provided (used) by financing activities	<u>186,847</u>	<u>(22,861)</u>
Net increase (decrease) in cash and cash equivalents	1,204,806	(1,199,090)
Cash and cash equivalents at beginning of year	<u>1,946,344</u>	<u>3,145,434</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,151,150</u>	<u>\$ 1,946,344</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

SCHEDULE OF NONCASH TRANSACTIONS	<u>2023</u>	<u>2022</u>
Right-of-Use Asset	\$ <u>19,185,407</u>	\$ <u>-</u>
Operating Lease Liability for Right-of-Use Asset	\$ <u>23,897,888</u>	\$ <u>-</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023 AND 2022**

**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, 2023 AND 2022**

**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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions (continued) -**

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 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 pronouncement adopted -

During 2023, the Organization adopted ASU 2019-01, *Leases* (Topic 842), which changed 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 Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organization applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 9 for further details.

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 \$563,883 and \$1,295,980 for the years ended June 30, 2023 and 2022, respectively.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

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 to seven years; website redesign, five years; and, leasehold improvements, the lesser of the remaining lease term or the estimated useful lives of the improvements. Depreciation and amortization expense for the years ended June 30, 2023 and 2022 totaled \$413,121 and \$453,411, 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.

The Action Fund is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code, taxable if they have unrelated business taxable income under IRS Code Section 512(a)(1), and taxable if they have political organizations taxable income from political expenditures, as described under IRS Code Section 527(f)(1). For the year ended June 30, 2023, the Organization had no unrelated business income.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Uncertain tax positions -

For the years ended June 30, 2023 and 2022, 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 and support -

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, 2023 and 2022.

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, 2023 AND 2022**

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

Revenue and support (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, 2023 and 2022:

	2023	2022
Deferred Revenue - General	\$ 1,392,519	\$ 984,409
Deferred Revenue - National Members	-	12,404
Deferred Revenue - Life Dues	629,165	538,119
TOTAL DEFERRED REVENUE	\$ 2,021,684	\$ 1,534,932

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, 2023 AND 2022**

**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 -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organization for the year ending June 30, 2024. 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.

The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

2. INVESTMENTS

Investments consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Investments:		
Cash and cash equivalents	\$ 563,883	\$ 1,295,980
U.S. Common stocks	64,344	60,696
Mutual funds and ETFs:		
Equity	93,415,576	87,836,573
Fixed income	37,313,064	40,935,783
Alternative strategy	<u>8,521</u>	<u>10,207</u>
TOTAL INVESTMENTS	<u>\$ 131,365,388</u>	<u>\$ 130,139,239</u>
Split-Interest Investments:		
Cash and cash equivalents	\$ 57,034	\$ 49,312
Government bonds	93,755	100,428
Mutual funds and ETFs:		
Equity	477,229	412,031
Fixed income	<u>198,623</u>	<u>207,360</u>
TOTAL SPLIT-INTEREST INVESTMENTS	<u>\$ 826,641</u>	<u>\$ 769,131</u>
TOTAL INVESTMENTS AND SPLIT-INTEREST INVESTMENTS	<u>\$ 132,192,029</u>	<u>\$ 130,908,370</u>

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 3,054,872	\$ 2,461,954
Unrealized gain (loss)	8,021,290	(28,245,646)
Realized gain	1,637,736	6,334,818
Investment expenses	<u>(97,595)</u>	<u>(110,590)</u>
TOTAL INVESTMENT INCOME (LOSS), NET	<u>\$ 12,616,303</u>	<u>\$ (19,559,464)</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ -	\$ 2,844,397
Computer equipment and software	841,370	1,139,200
Furniture and equipment	930,530	930,530
Work in process (CRM systems)	1,460,182	1,353,972
Website	296,448	296,448
Copyright	125,000	125,000
Telephone equipment	19,577	22,441
Mailing system	<u>11,151</u>	<u>11,151</u>
Total Property and equipment	3,684,258	6,723,139
Less: Accumulated depreciation and amortization	<u>(1,651,943)</u>	<u>(2,692,141)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 2,032,315</u>	<u>\$ 4,030,998</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

4. SPLIT-INTEREST AGREEMENTS

Gift Annuities -

As of June 30, 2023 and 2022, total assets of the gift annuity funds, at fair market value, were \$426,403 and \$394,453, respectively.

As of June 30, 2023 and 2022, the gift annuity funds liability totaled \$310,695 and \$330,612, respectively, and was computed using interest rates ranging from 1.2% to 8.2%.

Charitable Remainder Unitrusts (CRUT) -

As of June 30, 2023 and 2022, the total assets of the charitable remainder unitrust, at fair market value, were \$400,238 and \$374,678, respectively.

As of June 30, 2023 and 2022, the charitable remainder unitrust liabilities totaled \$141,982 and \$139,052, 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, 2023 and 2022:

	2023	2022
American Fellowships	\$ 3,081,947	\$ 2,412,131
International Fellowships	2,245,000	2,489,000
Research and Projects	571,826	597,018
NYC Metropolitan Area Fund	205,000	242,000
Research Publication Grant	247,621	305,650
International Project Grants	14,000	20,762
Prior Year Amounts Held	159,057	91,846
TOTAL COMMITTED AWARDS AND GRANTS PAYABLE	\$ 6,524,451	\$ 6,158,407

6. CARES ACT FUNDING

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 Statements 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 was recognized in contributions and grants on the Consolidated Statement of Activities and Changes in Net Assets for the year ended June 30, 2022.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
STEM Education (Nancy Grace Roman)	\$ 5,538,503	\$ 6,065,826
NYC Metropolitan Area Fund	2,573,926	3,121,635
Tech Trek	458,815	291,880
Legal Advocacy Fund	1,914,312	1,786,970
Split-Interest Agreements	268,740	259,369
Women's Economic Empowerment Program	-	199,800
Research and Projects	274,663	238,814
STEMEd for Girls	108,005	104,775
American fellowships	12,527,196	11,960,569
Mooneen Lecce	59,578	42,911
Work Smart	50,000	50,000
International Fellowships	2,744,161	2,810,776
Other Restricted Funds	9,681	15,650
Campus Leadership	(1,056)	(4,174)
Accumulated investment earnings	<u>19,320,005</u>	<u>16,707,989</u>
Total with program restrictions	45,846,529	43,652,790
Endowment invested in perpetuity	<u>74,431,706</u>	<u>74,165,077</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 120,278,235</u>	<u>\$ 117,817,867</u>

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:

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
American Fellowships	\$ 4,354,103	\$ 3,230,459
International Fellowships	2,520,452	2,879,169
STEM Education	1,080,975	861,778
NYC Metropolitan Area Fund	818,732	1,037,996
Research and Projects	685,970	709,426
Women's Economic Empowerment Program	199,800	535,968
STEMEd for Girls	182,654	168,770
Legal Advocacy Fund	168,223	487,774
Strategic Plan Giving	126,630	165,486
Other Restricted Funds	80,968	52,260
NCCWSL	64,037	30,022
Tech Trek	24,211	56,443
Eleanor Roosevelt Fund	<u>5,345</u>	<u>19,978</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 10,312,100</u>	<u>\$ 10,235,529</u>

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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:

	2023	2022
Cash and cash equivalents	\$ 3,151,150	\$ 1,946,344
Contributions and grants receivable	121,369	210,000
Other receivables	1,335,745	1,377,339
Investments	<u>131,365,388</u>	<u>130,139,239</u>
Subtotal financial assets available within one year	135,973,652	133,672,922
Less: Donor restricted funds	<u>(120,278,235)</u>	<u>(117,817,867)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 15,695,417</u>	<u>\$ 15,855,055</u>

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

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. 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.

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 Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. The Organization implemented the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The Organization also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Organization adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, the Organization recorded a right-of-use asset in the amount of \$19,185,407, net of the following adjustments:

- Deferred rent (free rent incentive) totaling \$2,626,304
- Net leasehold improvements totaling \$1,740,306
- Deferred improvement allowance incentive totaling \$1,786,757
- Sublease liability totaling \$2,039,725

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

9. LEASE COMMITMENTS (Continued)

The Organization recorded an operating lease liability in the amount of \$23,897,888 by calculating the present value using the discount rate of 4.25%.

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

<u>Year Ending June 30,</u>	
2024	\$ 2,701,802
2025	2,769,343
2026	2,841,897
2027	2,947,300
2028	3,021,097
Thereafter	<u>12,576,549</u>
	26,857,988
Less: Imputed interest	<u>(4,621,528)</u>
	22,236,460
Less: Current portion	<u>(1,801,026)</u>
LONG-TERM PORTION	<u>\$ 20,435,434</u>

Lease expense for the years ended June 30, 2023 and 2022 totaled approximately \$2,095,000 and \$2,232,000, respectively, and is included in occupancy on the Consolidated Statements of Functional Expenses.

During 2020, the Organization entered into a sublease for a portion of its office lease which is at a reduced rate from the lease. The sublease expires in May 2032. For the year ended June 30, 2022, the Organization had a sublease liability in the amount of \$2,039,725. The sublease liability balance was adjusted against the right-of-use asset upon adoption of Topic 842 during the year ended June 30, 2022.

Additionally, the Organization has several additional sublease agreements that expire through 2026. Under accounting principles generally accepted in the United States of America (GAAP), all lease income payments, including fixed rent increases, are recognized on a straight-line basis over the term of the sub-lease. The difference between the GAAP lease income and the sub-lease payments, as well as any unamortized lease incentives, are reflected as deferred rent receivable in the accompanying Consolidated Statements of Financial Position.

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

<u>Year Ending June 30,</u>	
2024	\$ 899,463
2025	886,177
2026	769,840
2027	721,927
2028	804,061
Thereafter	<u>3,392,426</u>
TOTAL	<u>\$ 7,473,894</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

9. LEASE COMMITMENTS (Continued)

Lease income for the years ended June 30, 2023 and 2022 totaled \$1,031,554 and \$1,159,385, 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, 2023 and 2022, AAUW's contributions under the above plans totaled \$345,779 and \$344,047, respectively.

11. EMPLOYEE RETENTION CREDIT

As part of the Employee Retention Credit (ERC) program, the Organization applied for total credits of \$1,064,624 attributable to wages paid that qualified under the program. As of June 30, 2023 and 2022, the amount due for the ERC funds is included in accounts receivable in the accompanying Consolidated Statements of Financial Position.

12. 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.

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12. FAIR VALUE MEASUREMENT (Continued)

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 years ended June 30, 2023 and 2022.

- *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.
- *Government bonds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. 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.

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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
INVESTMENTS				
Cash and cash equivalents	\$ 563,883	\$ -	\$ -	\$ 563,883
U.S. Common stocks	64,344	-	-	64,344
Mutual funds and ETFs:				
Equity	93,415,576	-	-	93,415,576
Fixed income	37,313,064	-	-	37,313,064
Alternative strategy	<u>8,521</u>	<u>-</u>	<u>-</u>	<u>8,521</u>
TOTAL INVESTMENTS AT FAIR VALUE	<u>\$ 131,365,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,365,388</u>
SPLIT-INTEREST INVESTMENTS				
Cash and cash equivalents	\$ 57,034	\$ -	\$ -	\$ 57,034
Government bonds	93,755	-	-	93,755
Mutual funds and ETFs:				
Equity	477,229	-	-	477,229
Fixed income	<u>198,623</u>	<u>-</u>	<u>-</u>	<u>198,623</u>
TOTAL SPLIT-INTEREST INVESTMENTS AT FAIR VALUE	<u>\$ 826,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,641</u>
TOTAL SPLIT-INTEREST AGREEMENT LIABILITIES AT FAIR VALUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,677</u>	<u>\$ 452,677</u>

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

12. FAIR VALUE MEASUREMENT (Continued)

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 equivalents	\$ 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 equivalents	\$ 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>

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 469,664	\$ 503,032
Change in value of split-interest agreements	62,795	44,748
Payments to beneficiaries	<u>(79,782)</u>	<u>(78,116)</u>
BALANCE, END OF YEAR	<u>\$ 452,677</u>	<u>\$ 469,664</u>

13. 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.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. ENDOWMENT FUNDS (Continued)

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, 2023 and 2022 were as follows:

	2023	2022
American Fellowship Endowment	\$ 43,435,370	\$ 43,409,771
International Fellowship Endowment	17,331,185	17,317,034
Research and Projects Endowments	12,492,241	12,265,362
Legal Advocacy Fund	1,140,115	1,140,115
Campus Leadership Fund	32,658	32,658
Mooneen Lecce	137	137
TOTAL ENDOWMENT FUNDS	\$ 74,431,706	\$ 74,165,077

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 74,431,706	\$ 74,431,706
Accumulated investment earnings, net	-	19,320,005	19,320,005
TOTAL ENDOWMENT FUNDS	\$ -	\$ 93,751,711	\$ 93,751,711

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AAUW ACTION FUND, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

13. ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 90,873,066	\$ 90,873,066
Investment income, net	-	9,134,296	9,134,296
Contributions	-	266,629	266,629
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(6,522,280)</u>	<u>(6,522,280)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 93,751,711</u>	<u>\$ 93,751,711</u>

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

	<u>Without Donor Restrictions</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	<u>-</u>	<u>16,707,989</u>	<u>16,707,989</u>
TOTAL ENDOWMENT FUNDS	<u>\$ -</u>	<u>\$ 90,873,066</u>	<u>\$ 90,873,066</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 111,175,275	\$ 111,175,275
Investment return, net	-	(14,344,551)	(14,344,551)
Contributions	-	55,255	55,255
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(6,012,913)</u>	<u>(6,012,913)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 90,873,066</u>	<u>\$ 90,873,066</u>

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, 2023 and 2022.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

13. ENDOWMENT FUNDS (Continued)

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, 2023 and 2022, AAUW's spending policy was 5%, of the average value of the endowment portfolio for the trailing twelve quarters.

14. RESTATEMENT OF ENDOWMENT FUNDS

During the year under audit, the Organization determined certain amount previously classified as accumulated earnings on endowment were incorrectly reported and should be represented as general net assets with donor restrictions. The reclassification did not change the total net assets with and without donor restrictions, previously recorded. The following represents the reclassification of net assets:

	2023		
	Previously Reported Amounts	Reclassification	Restated Amounts
Endowment invested in perpetuity	\$ 74,431,706	\$ -	\$ 74,431,706
Accumulated investment earnings from endowment funds	36,102,833	(16,782,828)	19,320,005
Total other program restricted	<u>9,743,696</u>	<u>16,782,828</u>	<u>26,526,524</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 120,278,235</u>	<u>\$ -</u>	<u>\$ 120,278,235</u>
	2022		
	Previously Reported Amounts	Reclassification	Restated Amounts
Endowment invested in perpetuity	\$ 74,165,077	\$ -	\$ 74,165,077
Accumulated investment earnings from endowment funds	33,036,009	(16,328,020)	16,707,989
Total other program restricted	<u>10,616,781</u>	<u>16,328,020</u>	<u>26,944,801</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 117,817,867</u>	<u>\$ -</u>	<u>\$ 117,817,867</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 6, 2023, 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, 2023**

ASSETS				
	<u>AAUW</u>	<u>The Action Fund</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,126,230	\$ 24,920	\$ -	\$ 3,151,150
Contributions and grants receivable	121,369	-	-	121,369
Other receivables	1,333,348	2,397	-	1,335,745
Due from related parties	-	87,266	(87,266)	-
Prepaid expenses and other assets	1,026,975	-	-	1,026,975
Deferred rent receivable	347,765	-	-	347,765
Right-of-use asset, net	17,660,774	-	-	17,660,774
Property and equipment, net	2,032,315	-	-	2,032,315
Investments	<u>131,657,591</u>	<u>534,438</u>	<u>-</u>	<u>132,192,029</u>
TOTAL ASSETS	<u>\$ 157,306,367</u>	<u>\$ 649,021</u>	<u>\$ (87,266)</u>	<u>\$ 157,868,122</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 978,842	\$ 6,068	\$ -	\$ 984,910
Committed awards and grants payable	6,524,451	-	-	6,524,451
Deferred revenue	2,021,684	-	-	2,021,684
Split interest agreements	452,677	-	-	452,677
Due to related parties	87,266	-	(87,266)	-
Other liabilities	90,709	-	-	90,709
Operating lease liability	<u>22,236,460</u>	<u>-</u>	<u>-</u>	<u>22,236,460</u>
Total liabilities	<u>32,392,089</u>	<u>6,068</u>	<u>(87,266)</u>	<u>32,310,891</u>
NET ASSETS				
Without donor restrictions	4,636,043	642,953	-	5,278,996
With donor restrictions	<u>120,278,235</u>	<u>-</u>	<u>-</u>	<u>120,278,235</u>
Total net assets	<u>124,914,278</u>	<u>642,953</u>	<u>-</u>	<u>125,557,231</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 157,306,367</u>	<u>\$ 649,021</u>	<u>\$ (87,266)</u>	<u>\$ 157,868,122</u>

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

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>AAUW</u>	<u>The Action Fund</u>	<u>Eliminations</u>	<u>Total</u>
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS				
Contributions and grants	\$ 3,007,798	\$ 5,000	\$ (300,000)	\$ 2,712,798
Investment income, net	836,807	25,203	-	862,010
Membership dues	1,976,800	107,995	-	2,084,795
Rental income	1,031,554	-	-	1,031,554
Conference revenue	276,573	-	-	276,573
Other loss, net	(4,448)	-	-	(4,448)
Net assets released from donor restrictions	<u>10,312,100</u>	<u>-</u>	<u>-</u>	<u>10,312,100</u>
Total revenue and support without donor restrictions	<u>17,437,184</u>	<u>138,198</u>	<u>(300,000)</u>	<u>17,275,382</u>
EXPENSES				
Program Services	<u>12,260,789</u>	<u>350,439</u>	<u>(300,000)</u>	<u>12,311,228</u>
Supporting Services:				
Management and General	4,203,433	3,831	-	4,207,264
Development and Fundraising	<u>1,503,499</u>	<u>3,442</u>	<u>-</u>	<u>1,506,941</u>
Total supporting services	<u>5,706,932</u>	<u>7,273</u>	<u>-</u>	<u>5,714,205</u>
Total expenses	<u>17,967,721</u>	<u>357,712</u>	<u>(300,000)</u>	<u>18,025,433</u>
Change in net assets without donor restrictions	<u>(530,537)</u>	<u>(219,514)</u>	<u>-</u>	<u>(750,051)</u>
REVENUE AND SUPPORT WITH DONOR RESTRICTIONS				
Contributions and grants	1,080,970	-	-	1,080,970
Investment income, net	11,754,293	-	-	11,754,293
Change in value of split-interest agreements	(62,795)	-	-	(62,795)
Net assets released from donor restrictions	<u>(10,312,100)</u>	<u>-</u>	<u>-</u>	<u>(10,312,100)</u>
Change in net assets with donor restrictions	<u>2,460,368</u>	<u>-</u>	<u>-</u>	<u>2,460,368</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ 1,929,831</u>	<u>\$ (219,514)</u>	<u>\$ -</u>	<u>\$ 1,710,317</u>

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, INC.
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CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 5,166,580	\$ 862,467	\$ -	\$ 6,029,047
Change in net assets without donor restrictions	<u>(530,537)</u>	<u>(219,514)</u>	<u>-</u>	<u>(750,051)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 4,636,043</u>	<u>\$ 642,953</u>	<u>\$ -</u>	<u>\$ 5,278,996</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets at beginning of year	\$ 117,817,867	\$ -	\$ -	\$ 117,817,867
Change in net assets with donor restrictions	<u>2,460,368</u>	<u>-</u>	<u>-</u>	<u>2,460,368</u>
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 120,278,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,278,235</u>
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 124,914,278</u>	<u>\$ 642,953</u>	<u>\$ -</u>	<u>\$ 125,557,231</u>