

**THE SOCIETY FOR WOMEN'S
HEALTH RESEARCH**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020



THE SOCIETY FOR WOMEN'S HEALTH RESEARCH

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Society for Women's Health Research
Washington, D.C.

Opinion

We have audited the accompanying financial statements of The Society for Women's Health Research (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Society for Women's Health Research as of December 31, 2021 and 2020, and the changes in its net assets and its 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 Financial Statements section of our report. We are required to be independent of The Society for Women's Health Research 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Society for Women's Health Research'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Society for Women's Health Research'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.

UHY LLP

Columbia, Maryland

May 18, 2022

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,075,023	\$ 627,826
Promises to give	215,000	75,000
Prepaid expenses	<u>32,927</u>	<u>20,834</u>
Total current assets	<u>1,322,950</u>	<u>723,660</u>
NON-CURRENT ASSETS		
Investments	988,934	939,192
Property and equipment, net	21,561	22,415
Security deposit	<u>21,214</u>	<u>21,214</u>
Total non-current assets	<u>1,031,709</u>	<u>982,821</u>
TOTAL ASSETS	<u>\$ 2,354,659</u>	<u>\$ 1,706,481</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 31,864	\$ 27,010
Deferred revenue for Annual Awards Gala	106,000	57,000
Paycheck Protection Program loan	<u>-</u>	<u>203,155</u>
Total current liabilities	137,864	287,165
NON-CURRENT LIABILITIES		
Deferred rent	<u>47,220</u>	<u>20,264</u>
Total liabilities	<u>185,084</u>	<u>307,429</u>
NET ASSETS		
Without donor restrictions	1,587,455	181,253
With donor restrictions	<u>582,120</u>	<u>1,217,799</u>
Total net assets	<u>2,169,575</u>	<u>1,399,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,354,659</u>	<u>\$ 1,706,481</u>

See notes to financial statements.

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income			
Annual Awards Gala	\$ 247,000	\$ -	\$ 247,000
Less: direct expenses	(52,981)	-	(52,981)
Annual Awards Gala, net	194,019	-	194,019
Contributions and support	173,452	1,100,000	1,273,452
CAC membership dues	280,000	-	280,000
In-kind contributions	1,480	-	1,480
Gain on extinguishment of debts	386,983	-	386,983
Net assets released from restrictions	1,735,679	(1,735,679)	-
Total support, revenue, and other income	2,771,613	(635,679)	2,135,934
Expenses			
Program services:			
Scientific	553,569	-	553,569
SWHR Networks	179,309	-	179,309
Policy and Advocacy	181,102	-	181,102
Communications	191,994	-	191,994
Total program services	1,105,974	-	1,105,974
Supporting services:			
Management and general	127,826	-	127,826
Fundraising	181,353	-	181,353
Total expenses	1,415,153	-	1,415,153
Change in Net Assets before Investment Income	1,356,460	(635,679)	720,781
Investment Income			
Interest and dividends	37,205	-	37,205
Realized gains on investments	32,163	-	32,163
Unrealized gains on investments	(10,455)	-	(10,455)
Less, investment management fees	(9,171)	-	(9,171)
Total investment income, net	49,742	-	49,742
Change in Net Assets	1,406,202	(635,679)	770,523
Net Assets, Beginning	181,253	1,217,799	1,399,052
Net Assets, Ending	\$ 1,587,455	\$ 582,120	\$ 2,169,575

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue, and Other Income			
Annual Awards Gala	\$ 411,000	\$ -	\$ 411,000
Less: direct expenses	(95,708)	-	(95,708)
Annual Awards Gala, net	315,292	-	315,292
Contributions and support	204,619	745,000	949,619
CAC membership dues	160,000	100,000	260,000
In-kind contributions	20,996	-	20,996
Net assets released from restrictions	676,746	(676,746)	-
Total support, revenue, and other income	<u>1,377,653</u>	<u>168,254</u>	<u>1,545,907</u>
Expenses			
Program services:			
Scientific	347,905	-	347,905
SWHR Networks	422,179	-	422,179
Policy and Advocacy	295,441	-	295,441
Communications	149,893	-	149,893
Total program services	<u>1,215,418</u>	<u>-</u>	<u>1,215,418</u>
Supporting services:			
Management and general	158,485	-	158,485
Fundraising	115,133	-	115,133
Total expenses	<u>1,489,036</u>	<u>-</u>	<u>1,489,036</u>
Change in Net Assets before Investment Income	<u>(111,383)</u>	<u>168,254</u>	<u>56,871</u>
Investment Income			
Interest and dividends	30,744	-	30,744
Realized gains on investments	5,064	-	5,064
Unrealized gains on investments	63,366	-	63,366
Less, investment management fees	(8,246)	-	(8,246)
Total investment income, net	<u>90,928</u>	<u>-</u>	<u>90,928</u>
Change in Net Assets	(20,455)	168,254	147,799
Net Assets, Beginning	<u>201,708</u>	<u>1,049,545</u>	<u>1,251,253</u>
Net Assets, Ending	<u>\$ 181,253</u>	<u>\$ 1,217,799</u>	<u>\$ 1,399,052</u>

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Program Services				Supporting Services			Gala Expenses	Total
	Scientific	SWHR Networks	Policy and Advocacy	Communications	Total Programs	Management and General	Fundraising		
Personnel costs:									
Salaries	\$ 351,757	\$ 120,851	\$ 121,656	\$ 131,270	\$ 725,534	\$ 66,363	\$ 122,773	\$ 17,489	\$ 932,159
Benefits	46,577	16,002	16,109	17,418	96,106	8,787	16,288	2,316	123,497
Payroll taxes and other	28,543	9,806	9,872	10,652	58,873	6,535	11,652	1,419	78,479
Total personnel costs	426,877	146,659	147,637	159,340	880,513	81,685	150,713	21,224	1,134,135
Awards and honorarium	-	-	-	-	-	-	-	333	333
License fees	-	-	-	1,211	1,211	-	-	-	1,211
Meetings and events	162	-	-	160	322	758	117	6,797	7,994
Office and occupancy	73,331	24,444	24,444	26,659	148,878	30,615	24,538	3,827	207,858
Depreciation and amortization	4,143	1,381	1,381	1,496	8,401	1,725	1,383	-	11,509
Other	105	-	-	210	315	-	-	-	315
Professional services	44,259	6,825	1,380	750	53,214	11,719	-	20,800	85,733
Subscriptions	4,692	-	6,260	2,168	13,120	1,195	4,602	-	18,917
Travel	-	-	-	-	-	129	-	-	129
Total expenses	553,569	179,309	181,102	191,994	1,105,974	127,826	181,353	52,981	1,468,134
Less Annual Awards Gala expenses included with revenue on the statement of activities	-	-	-	-	-	-	-	(52,981)	(52,981)
Total expenses reported on the statement of activities	\$ 553,569	\$ 179,309	\$ 181,102	\$ 191,994	\$ 1,105,974	\$ 127,826	\$ 181,353	\$ -	\$ 1,415,153

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	Program Services				Supporting Services			Gala Expenses	Total
	Scientific	SWHR Networks	Policy and Advocacy	Communications	Total Programs	Management and General	Fundraising		
Personnel costs:									
Salaries	\$ 169,216	\$ 324,718	\$ 194,281	\$ 97,197	\$ 785,412	\$ 79,546	\$ 75,523	\$ 28,531	\$ 969,012
Benefits	45,886	22,989	25,091	13,641	107,607	11,486	10,588	3,957	133,638
Payroll taxes and other	11,473	31,205	15,115	8,130	65,923	10,515	6,347	2,366	85,151
Total personnel costs	226,575	378,912	234,487	118,968	958,942	101,547	92,458	34,854	1,187,801
Awards and honorarium	500	-	-	-	500	-	-	563	1,063
License fees	-	-	-	-	-	7	-	-	7
Meetings and events	5,604	-	238	122	5,964	341	2,210	21,204	29,719
Office and occupancy	75,494	35,650	44,038	20,971	176,153	16,777	16,776	6,874	216,580
Depreciation and amortization	5,885	2,779	3,433	1,635	13,732	1,307	1,308	-	16,347
Other	497	-	-	-	497	539	-	-	1,036
Professional services	28,065	3,475	3,942	5,706	41,188	36,814	-	31,825	109,827
Subscriptions	1,968	1,100	8,809	2,491	14,368	1,121	2,330	-	17,819
Travel	3,317	263	494	-	4,074	32	51	388	4,545
Total expenses	347,905	422,179	295,441	149,893	1,215,418	158,485	115,133	95,708	1,584,744
Less Annual Awards Gala expenses included with revenue on the statement of activities	-	-	-	-	-	-	-	(95,708)	(95,708)
Total expenses reported on the statement of activities	<u>\$ 347,905</u>	<u>\$ 422,179</u>	<u>\$ 295,441</u>	<u>\$ 149,893</u>	<u>\$ 1,215,418</u>	<u>\$ 158,485</u>	<u>\$ 115,133</u>	<u>\$ -</u>	<u>\$ 1,489,036</u>

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 770,523	\$ 147,799
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	11,509	16,347
Realized gains on investments	(32,163)	(5,064)
Unrealized gains on investments	10,455	(63,366)
Decreases (increases) in assets:		
Promises to give	(140,000)	263,000
Prepaid expenses	(12,093)	19,706
Supplemental retirement plan	-	(82)
Increases (decreases) in assets:		
Accounts payable and accrued expenses	4,854	1,689
Accrued interest on line of credit	-	(28,799)
Deferred revenue for Annual Awards Gala	49,000	(78,000)
Deferred rent	26,956	3,946
	<u>689,041</u>	<u>277,176</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(88,020)	(68,923)
Proceeds from sales of investments	59,986	46,425
Purchases of property and equipment	(10,655)	(1,573)
	<u>(38,689)</u>	<u>(24,071)</u>
Net cash used by investing activities		
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	181,452	203,155
Extinguishment of debts	(384,607)	-
Principal repayments on line of credit	-	(77,697)
	<u>(203,155)</u>	<u>125,458</u>
Net cash provided (used) by financing activities		
Net increase in Cash and Cash Equivalents	447,197	378,563
Cash and Cash Equivalents, Beginning	<u>627,826</u>	<u>249,263</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,075,023</u>	<u>\$ 627,826</u>
Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 30,166</u>
Cost of property disposed	<u>\$ 74,405</u>	<u>\$ -</u>

See notes to financial statements.

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

NOTE 1 - DESCRIPTION OF ORGANIZATION

The Society for Women's Health Research (SWHR) is a national nonprofit organization based in Washington, D.C., that is widely recognized as the thought leader in promoting research on biological differences in diseases and improving women's health through science, advocacy, and education.

Founded in 1990 by a group of physicians, medical researchers, and health advocates, SWHR aims to bring attention to a variety of diseases and conditions that disproportionately or predominantly affect women. Thanks to SWHR's efforts, women are now routinely included in most major medical research studies, and scientists are considering sex as a variable in their research. SWHR's operations are financed primarily through contributions from private foundations and corporations.

SWHR's areas of focus include:

- Advocating for greater public and private funding for research on women's health and biological differences to improve the prevention, diagnosis, and treatment of disease;
- Encouraging the appropriate inclusion of women and people of color in medical research;
- Promoting the analysis of research data for biological and ethnic differences; and
- Informing women, health care providers, and policymakers about women's health issues through media outreach, congressional briefings, public education campaigns, conferences, and special events.

SWHR engages in the following programmatic areas:

Scientific and SWHR Networks - SWHR convenes interdisciplinary experts, including researchers and clinicians, to improve women's health through interactive forums that foster research on biological differences between men and women and identifies gaps in knowledge and research with the aim of curing disease and optimizing women's health. SWHR has established a number of activities to advance its scientific mission:

- Interdisciplinary Research Networks - These networks promote collaboration among researchers and clinicians in order to foster basic and clinical research on sex and gender differences and identify unmet needs in women's health care.
- Roundtables and Events - SWHR routinely convenes interactive roundtables, symposia, and other events that bring together scientists for a dialogue on topics in women's health and then generates reports highlighting the event discussion and outcomes.
- Supports the inclusion of women and people of color in the research workforce through science recommendations and mentorship opportunities.
- The Organization for the Study of Sex Differences (OSSD) - SWHR founded an interdisciplinary scientific membership society to enhance the knowledge of sex/gender differences. SWHR works closely with OSSD to further the promotion and dissemination of research on sex as a biological variable.
- Biology of Sex Differences - In conjunction with BioMed Central, SWHR founded and supports this scientific journal, which is also the official journal of the Organization for the Study of Sex Differences.

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 1 - DESCRIPTION OF ORGANIZATION (Continued)

Policy and Advocacy - SWHR advocates for research in women's health and sex differences at the federal level with Congress, the White House, and federal health agencies as follows:

Congressional

- Advocates for increased federal funding for medical research.
- Engages and educates congressional members and their staff on women's health research.
- Prepares congressional report language, testimony, and correspondence.
- Provides expertise and policy analysis.
- Organizes congressional and public education briefings.

Agencies

- Collaborates with federal health research agencies to promote women's health and sex differences through meetings, reports, and conferences.
- Researches and responds to regulations and guidance.

Policy Advisory Council - A forum where SWHR brings together a diverse cross-section of corporate and association thought leaders to support emerging scientific research and public policy that will improve women's health. Members have the opportunity to work collaboratively on public policy opportunities, to support cutting-edge research, and to create engaging materials and thought leadership that benefit women's health.

Communications

- Promotes the *Biology of Sex Differences* online journal, the only open-access journal devoted to the study of sex differences.
- Disseminates research and policy papers in respected academic and peer-reviewed research publications.
- Publishes op-eds and articles in major newspapers and online media sites.
- Serves as a resource on women's health research and the study of biological differences.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and be affected by the severity and duration of the COVID-19 pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

Measure of Operations

The accompanying statements of activities distinguish between operating and non-operating activities. Operating activities include all revenue and expenses that are an integral part of SWHR's programs. Non-operating activities include investment income from interest and dividends, realized and unrealized gains and losses on investments, and investment management fees.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of 90 days or less. Cash and cash equivalents held by the investment custodian to facilitate investment transactions or to be invested are included in investments in the statements of financial position.

Promises to Give

Promises to give represent unconditional commitments to donate contributions and grants to SWHR. Promises that are expected to be collected within one year are recorded at net realizable value. SWHR establishes an allowance based on historical collection experience. Long-term promises to give, those that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. All promises to give as of December 31, 2021 and 2020 are due within one year and are considered to be fully collectable and there is no allowance for doubtful accounts or discount at present value.

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at their fair value on the date of the statements of financial position, which may differ from the amount ultimately realized at the time of sale. The difference may be material. Interest and dividend income, realized and unrealized gains and losses, and investment management fees are reflected in investment income on the statements of activities.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1*: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date (e.g., equity securities traded on the New York Stock Exchange).
- *Level 2*: Inputs from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3*: Unobservable inputs (e.g., a company's own data) and are used to measure fair value to the extent that observable inputs are not available.

Following is a description of the valuation methodologies used for assets measured at fair value.

Money Market Funds: Valued at the closing price reported in the active market on which the individual securities are traded (Level 1).

Mutual Funds and Exchange Traded Funds: Valued at the closing price reported in the active market on which the individual securities are traded (Level 1).

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of the unobservable inputs. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Individual purchases of tangible property and improvements with a useful life of greater than one year and a cost basis of \$1,500 or greater, are capitalized. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of the assets, ranging from five to seven years. Repairs and maintenance are expensed when incurred.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of SWHR and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. SWHR reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See note 8 for more information on the composition of net assets with donor restrictions.

Revenue Recognition

Contributions and support received, including unconditional promises to give, are reported as revenue in the year that notification or cash is received from the donor. Contributions and support are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions and support with donor restrictions that are used for the purpose specified by the donor in the same year as the grant and contribution is received are recognized as revenue without donor restrictions. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Conditional contributions received are reported as deferred revenue until all conditions have been met.

Corporate Advisory Council (CAC) membership dues revenue is recognized as unconditional contribution revenue when the cash is received from the member.

Gala revenue is recognized as revenue in the period in which the event takes place. Cash receipts received prior to the annual gala event occurrence is included in deferred revenue.

THE SOCIETY FOR WOMEN'S HEALTH RESEARCH
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

In accordance with accounting principles generally accepted in the United States of America, contributions of donated services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. All donated services were utilized by SWHR's programs and supporting services. In-kind contributions are reflected as contributions at their fair value on the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

For the years ended December 31, 2021 and 2020, the value of in-kind contributions for legal professional services received totaled \$1,480 and \$20,996, respectively. These amounts have been reported as both in-kind contribution revenue and professional services expense in the statements of functional expenses.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service.

Supporting services are comprised of management and general and fundraising expenses and include those costs that are not directly identifiable with any specific program, but provide for the overall support and direction of SWHR. Accordingly, certain overhead expenses have been allocated based on time spent by SWHR's personnel in such functions.

Income Taxes

SWHR is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. No provision for income taxes is required for the years ended December 31, 2021 and 2020 since SWHR had no taxable income from unrelated business activities.

The income tax positions taken by SWHR for any years open under the various statutes of limitations are that SWHR continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. SWHR believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of SWHR's federal or state income tax returns are currently under examination.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements Adopted

In 2021, SWHR adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in the ASU improves the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. There were no material effects to the financial statements as a result of implementation.

Accounting Pronouncements Not Yet Adopted

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU changes the accounting treatment for operating leases by recognizing both a lease asset and a lease liability, at the present value of the lease payments, in the statement of financial position. Additional disclosures regarding key information about the leasing arrangements will also be required. SWHR plans to adopt Topic 842 during the year ended December 31, 2022.

NOTE 3 - CONCENTRATIONS, RISKS AND UNCERTAINTIES

Financial Assets Risks

SWHR has placed its investments in a professionally managed portfolio that contains equity and fixed income mutual funds and exchange traded funds. Such investments are exposed to various risks such as interest rate, market, and credit risk.

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

SWHR maintains bank accounts with a local financial institution and cash equivalents within the investment accounts. The balances may exceed the maximum amount covered by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). SWHR has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

Concentrations of Donors

For the year ended December 31, 2021, four donors accounted for 56% of contributions and support. For the year ended December 31, 2020, four donors accounted for 58% of contributions and support. If a significant reduction in these donors should occur, it may have an effect on SWHR's programs.

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NOTE 4 - PROMISES TO GIVE

SWHR has received unconditional promises to give from donors who have contributed to SWHR's research programs and studies. The promises to give are due within one year and management considers all promises to be fully collectible. As of December 31, 2021 and 2020, promises to give were \$215,000 and \$75,000, respectively.

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The following are the major categories of assets as of December 31, 2021 and 2020 which are measured at fair value on a recurring basis. All investments are considered Level 1 (using quoted prices in active markets for identical assets):

	<u>2021</u> <u>(Level 1)</u>	<u>2020</u> <u>(Level 1)</u>
Investments:		
Money market funds	\$ 46,657	\$ 63,972
Mutual Funds and Exchange Traded Funds:		
Fixed income	532,742	490,667
Equity	<u>409,535</u>	<u>384,553</u>
	<u>\$ 988,934</u>	<u>\$ 939,192</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Office furniture and fixtures	\$ 20,955	\$ 20,955
Equipment	5,400	40,526
Computer software	<u>56,655</u>	<u>85,279</u>
	83,010	146,760
Less, accumulated depreciation and amortization	<u>(61,449)</u>	<u>(124,345)</u>
Net value of property and equipment	<u>\$ 21,561</u>	<u>\$ 22,415</u>

For the years ended December 31, 2021 and 2020, depreciation and amortization expense totaled \$11,509 and \$16,347, respectively.

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NOTE 7 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

SWHR was granted the first PPP Loan on April 27, 2020 for \$203,155 and a second PPP Loan on February 15, 2021 for \$181,452 from EagleBank under the Paycheck Protection Program. Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses and certain nonprofit organizations. The notes bear interest at 1% and mature in two years; however, monthly payments are deferred for a period of six months. PPP borrowers can qualify to have the loans forgiven if the proceeds are used for payroll and certain eligible costs.

The first loan was fully forgiven by the SBA and the bank on June 24, 2021, and the second loan was also fully forgiven on October 26, 2021. SWHR recognized a gain on extinguishment of debts for the loan forgiveness totaling \$384,607 and the interest of \$2,376 during the year ended December 31, 2021.

According to the rules of the SBA, SWHR is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of SWHR's judgments pertaining to satisfying PPP loan eligibility or to the forgiveness conditions, SWHR may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following programs as of December 31:

	<u>2021</u>	<u>2020</u>
Restricted for time	\$ -	\$ 100,000
SWHR Networks	<u>150,000</u>	<u>581,734</u>
Scientific programs:		
Bone health	260,589	88,841
Chronic pain	-	222,224
Endometriosis toolkit	-	100,000
Liver health	-	25,000
Vaccine	-	100,000
Menopause	78,121	-
Fertility	20,673	-
Diagnostics	50,000	-
NIIPT	<u>22,737</u>	<u>-</u>
Total scientific programs	<u>432,120</u>	<u>536,065</u>
Total	<u>\$ 582,120</u>	<u>\$ 1,217,799</u>

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NOTE 9 - RETIREMENT PLANS

403(b) Retirement Plan

SWHR sponsors a tax deferred annuity plan under section 403(b) of the Internal Revenue Code. Employees may elect voluntary deferrals from salary. This 403(b) plan does not call for matching contributions, but does provide discretionary contributions of either 5% or 9% of compensation, depending on length of service. Employees who have one year or more of service and have attained the age of 21 are eligible for discretionary contributions. Participants become fully vested in all contributions upon payment.

For the years ended December 31, 2021 and 2020, retirement plan expense totaled \$43,787 and \$53,936, respectively, and are included with benefits in the statements of functional expenses.

NOTE 10 - OPERATING LEASE

On July 13th, 2021, SWHR's original building lease, which was signed on August 1, 2018, was amended. The agreement calls for a base rent of \$10,833 per month with a 4% increase per year and expires October 31, 2026.

SWHR accounts for these escalating payments by spreading the rent payments as expenses, on a straight-line basis, over the term of the lease resulting in a deferred rent liability. SWHR is also responsible for its pro rata share of increases in the landlord's operating expenses and real estate taxes.

For the years ended December 31, 2021 and 2020, rent expense totaled \$151,381 and \$159,653, respectively, and is included with office and occupancy in the statements of functional expenses.

Future minimum lease payments are as follows:

Year ending December 31,	
2022	\$ 126,750
2023	137,453
2024	142,951
2025	148,670
2026	<u>128,256</u>
	<u>\$ 684,080</u>

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NOTE 11 - COMMITMENTS

SWHR has entered into agreements with vendors for various meetings in future years. The contracts contain contingency clauses whereby SWHR is liable for cancellations. The monetary restitution varies among contracts, but generally is based on expenses incurred by the vendor up to the date of cancellation, as well as additional cancellation fees.

NOTE 12 - COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. SWHR is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. In response to local and state government mandated business closures, SWHR temporarily closed its facilities to the public. SWHR continues operations through remote access and limiting onsite staff.

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

SWHR's financial assets available for operating expenditures within one year of the statement of financial position date are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,075,023	\$ 627,826
Promises to give	215,000	75,000
Investments	<u>988,934</u>	<u>939,192</u>
Total financial assets available within one year	2,278,957	1,642,018
Less, amounts unavailable for general expenditures within one year, due to:		
Restrictions from donors for purpose restrictions	<u>(582,120)</u>	<u>(1,117,799)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,696,837</u>	<u>\$ 524,219</u>

Liquidity Management

SWHR maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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NOTE 14 - SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 18, 2022, which is the date the financial statements were available to be issued.