

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2020 AND 2019**

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## Independent Auditor's Report

To the Board of Directors  
American Psychiatric Nurses Association  
Falls Church, VA

We have audited the accompanying statements of financial position of American Psychiatric Nurses Association as of December 31, 2020 and 2019, and the related statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Psychiatric Nurses Association as of December 31, 2020 and 2019, 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.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedules of financial position and activities on pages 22 and 23 are presented for purposes of additional analysis and are not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

*Jane Marston & M. Quade PA*

Washington, DC  
July 27, 2021

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	2020	2019
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 764,655	\$ 691,779
Investments	3,653,681	3,334,103
Accounts receivable	30,629	51,865
Contracts receivable	295,145	16,310
Prepaid expenses	167,596	129,190
Total Current Assets	4,911,706	4,223,247
<b>PROPERTY AND EQUIPMENT, NET</b>	403,584	188,451
<b>OTHER ASSETS</b>		
Certificate of deposit	237,543	233,650
Security deposit	23,788	23,788
Total Other Assets	261,331	257,438
<b>TOTAL ASSETS</b>	<b>\$ 5,576,621</b>	<b>\$ 4,669,136</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 78,608	\$ 54,381
Accrued expenses	261,389	274,116
Deferred revenue	1,001,440	1,607,833
Deferred rent, current portion	6,677	5,031
Total Current Liabilities	1,348,114	1,941,361
<b>LONG-TERM LIABILITIES</b>		
PPP loan	412,140	-
Deferred rent, net of current portion	48,152	54,829
Total Long-Term Liabilities	460,292	54,829
Total Liabilities	1,808,406	1,996,190
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	1,963,996	881,840
Board designated	1,804,219	1,791,106
Total Net Assets Without Donor Restrictions	3,768,215	2,672,946
Total Net Assets	3,768,215	2,672,946
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,576,621</b>	<b>\$ 4,669,136</b>

The accompanying notes are an integral part of these financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

<b>REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS</b>	
Meeting registration income	\$ 2,055,901
Membership dues	1,752,203
Sponsorships, grants and contributions	692,254
Program income	318,667
Royalties	146,454
Advertising	17,000
Other income	2,950
Interest and dividend income	129,843
Gain on investments, net	195,967
Total Revenue and Support Without Donor Restrictions	<u>5,311,239</u>
 <b>EXPENSES</b>	
Program Services:	
Conferences	986,593
Education and information	1,376,216
Membership services	821,881
Total Program Services	<u>3,184,690</u>
 Support Services:	
Management and general	1,009,959
Fundraising	21,321
Total Support Services	<u>1,031,280</u>
 Total Expenses	 <u>4,215,970</u>
 <b>CHANGE IN NET ASSETS</b>	 1,095,269
 <b>NET ASSETS, beginning of year</b>	 <u>2,672,946</u>
 <b>NET ASSETS, end of year</b>	 <u><u>\$ 3,768,215</u></u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

**REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS**

Meeting registration income	\$ 2,051,812
Membership dues	1,688,125
Sponsorships, grants and contributions	334,848
Program income	372,958
Royalties	190,964
Advertising	33,100
Other income	38,022
Interest and dividend income	140,199
Gain on investments, net	342,212
Total Revenue and Support Without Donor Restrictions	5,192,240

**EXPENSES**

Program Services:	
Conferences	1,128,233
Education and information	1,487,211
Membership services	1,025,663
Total Program Services	3,641,107
Support Services:	
Management and general	1,462,522
Fundraising	51,282
Total Support Services	1,513,804
Total Expenses	5,154,911

**CHANGE IN NET ASSETS** 37,329

**NET ASSETS, beginning of year** 3,430,968

**ADOPTION OF ACCOUNTING  
STANDARDS ASU 2014-09 (NOTE K)** (795,351)

**NET ASSETS ADJUSTED, beginning of year** 2,635,617

**NET ASSETS, end of year** \$ 2,672,946

The accompanying notes are an integral part of these financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	PROGRAM SERVICES				SUPPORT SERVICES			
	Conferences	Education and Information	Membership Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel costs:								
Salaries	\$ 479,173	\$ 668,405	\$ 399,175	\$ 1,546,753	\$ 473,285	\$ 10,355	\$ 483,640	\$ 2,030,393
Payroll taxes	38,309	53,438	31,913	123,660	37,838	828	38,666	162,326
Employee benefits	70,872	98,861	59,040	228,773	70,002	1,532	71,534	300,307
Retirement	32,281	45,029	26,891	104,201	31,883	698	32,581	136,782
Subtotal Personnel Costs	620,635	865,733	517,019	2,003,387	613,008	13,413	626,421	2,629,808
Advertising	2,576	3,594	2,146	8,316	2,544	56	2,600	10,916
Auditing and accounting	-	-	-	-	26,788	-	26,788	26,788
Audio visual	26,319	36,712	21,925	84,956	25,995	569	26,564	111,520
Bank and credit card fees	26,348	36,753	21,949	85,050	26,025	569	26,594	111,644
Commission	2,737	3,818	2,280	8,835	2,705	59	2,764	11,599
Conference and meeting	25,463	35,519	21,212	82,194	25,152	550	25,702	107,896
Consultants	59,315	82,738	49,412	191,465	58,587	1,282	59,869	251,334
Depreciation	6,574	9,172	5,477	21,223	6,494	142	6,636	27,859
Dues and subscriptions	26,223	36,579	21,845	84,647	25,900	567	26,467	111,114
Honorarium	21,311	29,727	17,753	68,791	21,048	461	21,509	90,300
Information technology	14,777	20,613	12,310	47,700	14,595	319	14,914	62,614
Insurance	1,681	2,345	1,400	5,426	1,661	36	1,697	7,123
Legal	-	-	-	-	8,695	-	8,695	8,695
Occupancy	36,076	50,323	30,053	116,452	35,633	780	36,413	152,865
Office expenses	10,494	14,639	8,742	33,875	10,365	227	10,592	44,467
Office supplies	5,646	7,875	4,703	18,224	5,577	122	5,699	23,923
Postage and delivery	23,065	32,174	19,215	74,454	22,782	498	23,280	97,734
Printing and copying	21,468	29,946	17,884	69,298	21,205	464	21,669	90,967
Product	224	313	187	724	221	5	226	950
Professional services	4,030	5,622	3,357	13,009	3,981	87	4,068	17,077
Telephone	10,183	14,205	8,483	32,871	10,059	220	10,279	43,150
Travel	8,112	11,315	6,758	26,185	8,012	175	8,187	34,372
Website	33,336	46,501	27,771	107,608	32,927	720	33,647	141,255
Total Expenses	<u>\$ 986,593</u>	<u>\$ 1,376,216</u>	<u>\$ 821,881</u>	<u>\$ 3,184,690</u>	<u>\$ 1,009,959</u>	<u>\$ 21,321</u>	<u>\$ 1,031,280</u>	<u>\$ 4,215,970</u>

The accompanying notes are an integral part of these financial statements.



**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	PROGRAM SERVICES				SUPPORT SERVICES			
	Conferences	Education and Information	Membership Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel costs:								
Salaries	\$ 460,425	\$ 606,923	\$ 418,568	\$ 1,485,916	\$ 585,995	\$ 20,928	\$ 606,923	\$ 2,092,839
Payroll taxes	39,125	51,574	35,568	126,267	49,796	1,778	51,574	177,841
Employee benefits	67,750	89,307	61,591	218,648	86,226	3,080	89,306	307,954
Retirement	30,363	40,024	27,603	97,990	38,644	1,380	40,024	138,014
Subtotal Personnel Costs	597,663	787,828	543,330	1,928,821	760,661	27,166	787,827	2,716,648
Advertising	2,663	3,510	2,421	8,594	3,389	121	3,510	12,104
Auditing and accounting	-	-	-	-	17,676	-	17,676	17,676
Audio visual	25,850	34,074	23,500	83,424	32,899	1,175	34,074	117,498
Bank and credit card fees	34,768	45,830	31,607	112,205	44,251	1,580	45,831	158,036
Commission	8,067	10,633	7,333	26,033	10,267	367	10,634	36,667
Conference and meeting	98,333	129,620	89,393	317,346	125,151	4,470	129,621	446,967
Consultants	67,060	88,397	60,963	216,420	85,349	3,048	88,397	304,817
Depreciation	7,845	10,341	7,132	25,318	9,985	357	10,342	35,660
Dues and subscriptions	24,619	32,453	22,381	79,453	31,334	1,119	32,453	111,906
Honorarium	15,316	20,189	13,923	49,428	19,492	696	20,188	69,616
Information technology	13,497	17,791	12,270	43,558	17,178	613	17,791	61,349
Insurance	4,343	5,725	3,948	14,016	5,527	197	5,724	19,740
Legal	-	-	-	-	8,595	-	8,595	8,595
Occupancy	31,639	41,706	28,763	102,108	40,267	1,438	41,705	143,813
Office expenses	15,128	19,941	13,752	48,821	19,253	688	19,941	68,762
Office supplies	15,472	20,394	14,065	49,931	19,691	703	20,394	70,325
Postage and delivery	23,974	31,602	21,795	77,371	30,512	1,090	31,602	108,973
Printing and copying	23,852	31,441	21,683	76,976	30,356	1,084	31,440	108,416
Product	2,896	3,818	2,633	9,347	3,686	132	3,818	13,165
Professional services	6,783	8,942	6,167	21,892	8,634	308	8,942	30,834
Sponsorship	-	-	-	-	325	-	325	325
Telephone	9,581	12,630	8,710	30,921	12,193	436	12,629	43,550
Travel	85,128	112,214	77,389	274,731	108,344	3,869	112,213	386,944
Website	13,756	18,132	12,505	44,393	17,507	625	18,132	62,525
Total Expenses	<u>\$ 1,128,233</u>	<u>\$ 1,487,211</u>	<u>\$ 1,025,663</u>	<u>\$ 3,641,107</u>	<u>\$ 1,462,522</u>	<u>\$ 51,282</u>	<u>\$ 1,513,804</u>	<u>\$ 5,154,911</u>

The accompanying notes are an integral part of these financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,095,269	\$ 37,329
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation	27,859	35,660
Net appreciation in fair value of investments	(323,537)	(475,457)
Decrease (increase) in assets:		
Accounts receivable	21,236	24,227
Contracts receivable	(278,835)	(16,174)
Prepaid expenses	(38,406)	(63,402)
Increase (decrease) in liabilities:		
Accounts payable	24,227	30,055
Accrued expenses	(12,727)	53,533
Deferred revenue	(606,393)	508,112
Deferred rent	(5,031)	(5,860)
Net Cash (Used for) Provided by Operating Activities	(96,338)	128,023
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from sale of investments	912,788	875,978
Purchases of investments	(908,830)	(553,022)
Increase in value of certificate of deposit	(3,893)	(8,650)
Purchases of property and equipment	(242,991)	(179,625)
Net Cash (Used for) Provided by Investing Activities	(242,926)	134,681
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
PPP loan proceeds	412,140	-
Net Cash Provided by Financing Activities	412,140	-
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	72,876	262,704
 <b>CASH AND CASH EQUIVALENTS, beginning of year</b>	691,779	429,075
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 764,655	\$ 691,779

The accompanying notes are an integral part of these financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE A – NATURE OF ORGANIZATION**

American Psychiatric Nurses Association (the “Association”) was originally established in 1983 in the state of Illinois as a not-for-profit corporation. In 1988, the Illinois corporation was dissolved and re-formed as a Delaware not-for-profit corporation. The Association’s primary purpose is to provide leadership to advance psychiatric mental health nursing practices, improve mental health care for individuals, families, groups, and communities and shape policy for the delivery of mental health services.

The majority of the Association’s revenues are derived from membership dues, conference registration fees, and conference and project sponsorships. The Association publishes a bi-monthly Journal: “*Journal of the American Psychiatric Nurse Association*” (“JAPNA”).

Program Descriptions

*Conferences* – The Association holds three national conferences each year: the Clinical Psychopharmacology Institute - West (“CPI West”) held in March, the Clinical Psychopharmacology Institute (“CPI”) Conference in June and the Annual Conference in October. CPI focuses on complex clinical issues addressing the most current practices and insights on clinical psychopharmacology. The Annual Conference is the premiere event for psychiatric nursing and is held in a new location each year to encourage regional participation. The Association recognizes outstanding contributions to the Association and psychiatric nursing through the presentation of its Annual Awards.

In 2019, in addition to the three conference held, the Association also held its Health Policy Summit in February 2019. The Health Policy Summit was created to assist the Board of Directors in setting short and long term priorities for The Association’s strategic direction concerning the Psychiatric Mental Health (“PMH”) workforce. PMH experts were invited to provide a summary of information on the status of the PMH workforce. Manuscripts are submitted to JAPNA. Council Chairs and Chapter Presidents present a series of recommendations on workforce initiatives to the Board of Directors for their consideration. Goals or priorities are set based on the information gathered.

On March 11, 2020, the World Health Organization declared the spread of coronavirus (COVID-19) to be a public health emergency of international concern. The COVID-19 pandemic has disrupted everyday life and business activity throughout the world. Due to travel and group gathering restrictions associated with the COVID-19 pandemic, CPI West was cancelled for 2020. Additionally, CPI and the Annual Conference were converted to virtual events.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
(continued)

**NOTE A – NATURE OF ORGANIZATION – continued**

*Education and Information* – The Association provides online continuing nursing education opportunities to members and nonmembers via their “eLearning Center”. 499 and 362 sessions were offered in 2020 and 2019, respectively, through publications, webinars, webcasts and podcasts. In order to facilitate continuing nursing education and to promote psychiatric mental health nursing, the Association administered a scholarship program for 32 and 28 graduate and undergraduate nursing students to attend the Annual Conference in 2020 and 2019, respectively.

*Membership Services* – Expenses associated with member services provides for the maintenance of the membership database and the presence of a national network that enables members to communicate with each other in the development of standards and policies to advance the discipline of psychiatric-mental health nursing within the field of mental illness and substance use disorders.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement preparation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) topic Not-for-Profit Entities. In accordance with the topic, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* - Net assets not subject to donor-imposed restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor-imposed restrictions that may or will be met by either actions of the Association and/or the passage of time or that must be maintained in perpetuity by the Association. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Cash and Cash Equivalents

The Association considers demand deposits, money market funds and investments purchased with an original maturity of three months or less to be cash equivalents, with the exception of items presented as part of the investments portfolio.

The Association maintains its cash balances with banks in deposit accounts that are insured by the FDIC. At times, balances in these accounts may exceed federally insured amounts. The Association maintains its cash with high-quality financial institutions, which the Association believes limits these risks. There were no uninsured balances as of December 31, 2020 and 2019, respectively.

Accounts and Contracts Receivable

Accounts and contracts receivable are stated at the amount that management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all receivables are collectible. Therefore, no allowance for uncollectible accounts has been established.

Investments

Investments are stated at fair value, based on quoted market prices, if available. Interest is recognized when earned. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in the fair value of investments include the gains or losses on investments bought and sold as well as held during the year.

Certificates of Deposit

The Association maintains a certificate of deposit (“CD”) in an original amount of \$225,000. The CD was obtained in October 2019, bears interest at 0.49%, and matures in October 2021. The CD is valued at cost, which approximates fair value, and can be redeemed with a penalty.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Property and Equipment

Property and equipment are recorded at cost. Major additions, replacements, and betterments with costs of at least \$500 and lives greater than one year are capitalized, while repairs and maintenance are expensed. Leasehold improvements are amortized over the shorter of the assets' useful lives or lease term. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	7 Years
Computer, software and website	3 Years
Leasehold improvements	5 - 10 Years

Deferred Revenue

Deferred revenue consists of membership dues and conference related revenue received in advance of the periods in which they are earned.

Deferred Rent

Rent expense is recognized on a straight-line basis over the term of the lease. Deferred rent liability represents rent expense in excess of cash payments since commencement of the lease agreement, free rent and leasehold improvements paid by the landlord. These are being deferred over the remaining period of the lease.

Revenue Recognition

Meeting registration income includes registration amounts paid by participants and exhibitors. Registrations and exhibitor fees are based on published fixed rates and are recognized as revenue at a point in time at the time of the meeting or event. Meeting revenue received in advance of the related event is considered a contract liability and is included in deferred revenue on the accompanying statements of financial position.

The Association provides its members with access to JAPNA, directory listings, course and meeting registration fee discounts and access to member events and resources. Regular membership is effective for twelve months and membership dues are typically paid in advance, while recurring membership dues are charged to the members each month. Membership dues are recognized over time by allocating the membership price to the related performance obligations and recognizing the related revenue as these obligations are accomplished. Membership dues collected in advance of performance of the related membership obligations are included in deferred revenue on the accompanying statements of financial position.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Revenue Recognition – continued

The Association recognizes grants, contributions and sponsorships when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, 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 substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support. In addition, grants awarded for the acquisition of long-lived assets are reported as non-operating revenue without donor restrictions, in the absence of donor stipulations to the contrary, during the fiscal year in which the unconditional promise to give is made. Cash received in excess of revenue recognized is recorded in deferred revenue on the statements of financial position.

Program income is income from webinars, seminars or classes and is based on published fixed rates and are collected either at the time of registration, in advance of the courses resulting in a deferred revenue balance, or at the time that the seminar takes place, in which case, these fees are recognized immediately as revenue.

Royalties revenue is income received from the publisher of JAPNA based on a contractual agreement. The publisher receives JAPNA income from various sources, including advertising, Journal subscriptions and sales and sends an agreed-upon percentage of this income to the Association. The Association recognizes the revenue at a point in time, when JAPNA is published and distributed.

Revenue from advertising is recognized at a point of time and when obligations are satisfied.

Advertising Costs

Advertising costs are expensed as incurred and included in the statements of activities and functional expenses. Advertising costs totaled \$10,916 and \$12,104 for the years ended December 31, 2020 and 2019, respectively.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation, office expenses and occupancy, which are allocated on the basis of salaries, based on time and effort expended.

Use of Estimates

The preparation of 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 and disclosures 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.

Reclassifications

The Association has made certain reclassifications of prior year amounts in order to conform with current year presentation. The reclassification had no effect on total net assets or total changes in net assets as previously reported.

**NOTE C – INCOME TAXES**

The Association is a 501(c)(3) tax exempt organizations exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code (“IRC”), except on unrelated business activities.

The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Association’s information returns are subject to examination by the Internal Revenue Service (“IRS”) for a period of three years from the date they were filed, except under certain circumstances. The Association’s Form 990 returns for the years 2017 through 2019 are open for examination by the IRS, although no request has been made as of the date of these financial statements.



**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE D – AVAILABLE RESOURCES AND LIQUIDITY**

The Association’s management regularly monitors liquidity requirements to ensure that on-going operating needs and other contractual commitments are met. The Association has developed and adheres to a board-approved investment policy, the goal of which is to maintain adequate liquidity while maximizing investment income and preserving capital. To achieve this goal, assets have been diversified to provide low to moderate risk tolerance and are regularly monitored and rebalanced when necessary.

The services of an independent investment advisor are utilized for matters regarding the performance and appropriateness of financial asset classes, the selection of specific investments to comprise each asset class, and recommendations for changes to overall investment strategy and policy.

The Association’s management regularly monitors liquidity requirements to ensure that ongoing operating needs and other contractual commitments are met. Timing of revenue receipt also ensures the availability of necessary operational funds. Sources of liquidity available to the Association include financial assets consisting of cash and cash equivalents, accounts and contracts receivable, and short-term money-market and equity security investments. In addition, the Association anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses over a 12-month period. In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, the Association considers all expenditures related to its program services, as well as services undertaken to support its programs, such as fundraising activities, to be general operating expenditures.

Total financial assets held by the Association and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures were as follows as of December 31:

	2020	2019
Cash and cash equivalents	\$ 764,655	\$ 691,779
Current accounts receivable	325,774	68,175
Investments convertible to cash in next 12 months	3,653,681	3,334,103
Total Financial Assets	4,744,110	4,094,057
Less investments encumbered by board restrictions	(1,804,219)	(1,791,106)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 2,939,891	\$ 2,302,951

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
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**NOTE E – FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes 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 hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 of the fair value hierarchy under FASB ASC 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets of liabilities in active market that the Association has the ability to access.

*Level 1* – Inputs are based on unadjusted quoted prices identical asset traded in an active market the Association has ability to access.

*Level 2* – Inputs are based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

*Level 3* - Inputs are unobservable and significant to the overall fair value measurement.

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value reflective of future fair values. Furthermore, although management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value of the Association's investments in mutual funds and exchange traded funds are based on observable market quotations. The fair values of corporate bonds have been provided by the Association's investment managers and custodian banks, who use a variety of pricing sources to determine market valuations, including indexes for each sector of the market.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
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**NOTE E – FAIR VALUE MEASUREMENTS – continued**

The following table presents the Association’s fair value hierarchy, for assets measured at fair value on a recurring basis as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 289,966	\$ -	\$ -	\$ 289,966
Mutual funds				
Equity	1,467,521	-	-	1,467,521
Fixed income	1,380,981	-	-	1,380,981
Exchange traded funds	464,096	-	-	464,096
Corporate bonds	-	51,117	-	51,117
Total	<u>\$ 3,602,564</u>	<u>\$ 51,117</u>	<u>\$ -</u>	<u>\$ 3,653,681</u>

The following table presents the Association’s fair value hierarchy, for assets measured at fair value on a recurring basis as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 158,022	\$ -	\$ -	\$ 158,022
Mutual funds				
Equity	1,209,745	-	-	1,209,745
Fixed income	1,790,376	-	-	1,790,376
Corporate bonds	-	175,960	-	175,960
Total	<u>\$ 3,158,143</u>	<u>\$ 175,960</u>	<u>\$ -</u>	<u>\$ 3,334,103</u>

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
(continued)

**NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31:

	2020	2019
Computer, software and website	\$ 499,508	\$ 258,411
Furniture and fixtures	107,497	105,602
Leasehold improvements	54,221	54,221
	661,226	418,234
Less accumulated depreciation and amortization	(257,642)	(229,783)
Net Property and Equipment	\$ 403,584	\$ 188,451

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled \$27,859 and \$35,660, respectively.

**NOTE G – OPERATING LEASE**

On August 1, 2012, the Association entered into a lease agreement for its office space at 3141 Fairview Park Drive, Falls Church, VA. The term of the lease was 128 months, expiring March 31, 2023. Rent was abated for the months of August 2012 through March 2013. On September 27, 2018, the Association amended the lease for additional space in the same location. The term was extended by an additional 65 months, expiring August 31, 2028. Rent will be abated for the period of April 2023 through August 2023.

In July 2019, the Association extended its office by leasing additional space. The term of the additional space is 110 months, expiring in August 2028. Rent for the additional space will be abated for the period of April 2023 through August 2023.

The future minimum lease payments are as follows for the years ending December 31,:

2021	\$ 152,949
2022	157,154
2023	90,276
2024	154,208
2025	158,458
Thereafter through 2028	444,343
	\$ 1,157,388

Occupancy expense for the years ended December 31, 2020 and 2019, totaled \$152,865 and \$143,813, respectively.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

**NOTE H – PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

On April 30, 2020, the Association secured \$412,140 with Northwest Federal Credit Union (the “Lender”) under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) that authorized forgivable loans to small businesses. This loan can be used to cover certain expenses during the COVID-19 crisis. The loan amounts may be forgiven as long as the loan proceeds are used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan is made. If not used for the prescribed purpose, the loan is due on September 30, 2022, along with interest calculated at the rate of 1% per annum. As of December 31, 2020, the outstanding loan balance was \$412,140. On February 2, 2021 the loan principal and accrued interest were forgiven in full.

**NOTE I – RETIREMENT PLAN**

The Association sponsors established the American Psychiatric Nurses Association Deferred Contribution Retirement Plan (the “Plan”) under Section 403(b) of the Internal Revenue Code (“IRC”). All full-time employees are eligible to participate in this Plan ninety days after employment and all part-time employees are eligible to participate after 1,000 hours of employment. The Association contributes 5% of an employee’s gross annual salaries. Employees may make contributions to the plan up to the maximum allowed by the IRS. For the years ended December 31, 2020 and 2019, retirement plan expense totaled \$136,782 and \$138,014, respectively.

**NOTE J – CONTINGENCIES FOR FUTURE MEETINGS**

During the year, the Association entered into various contracts that included penalty clauses that would require the Association to pay certain amounts if a meeting is cancelled or if it does not meet its room block guarantees. Management believes that the Association’s future exposure to such losses is unlikely.

**NOTE K – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS AND EFFECT ON PRIOR YEAR NET ASSETS**

As of January 1, 2019, the Association adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (ASC 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the year ended December 31, 2020 and 2019 are presented under ASC 606.



**AMERICAN PSYCHIATRIC NURSES ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE M – SUBSEQUENT EVENTS**

In preparing these financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure through July 27, 2021, the date the financial statements were available to be issued. Except for the loan forgiveness reference in Note H, there were no additional events or transactions discovered during the evaluation that required further recognition or disclosure.

## **SUPPLEMENTARY INFORMATION**



**AMERICAN PSYCHIATRIC NURSES ASSOCIATION  
DETAILED SCHEDULE OF FINANCIAL POSITION  
DECEMBER 31, 2020**

	<u>Association</u>	<u>Chapters</u>	<u>Eliminations</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 664,437	\$ 100,218	\$ -	\$ 764,655
Investments	3,653,681	-	-	3,653,681
Accounts receivable	30,629	-	-	30,629
Contracts receivable	295,145	-	-	295,145
Due from the Association	-	60	(60)	-
Prepaid expenses	161,915	5,681	-	167,596
<b>Total Current Assets</b>	<b>4,805,807</b>	<b>105,959</b>	<b>(60)</b>	<b>4,911,706</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>403,584</b>	<b>-</b>	<b>-</b>	<b>403,584</b>
<b>OTHER ASSETS</b>				
Certificate of deposit	-	237,543	-	237,543
Security deposit	23,788	-	-	23,788
<b>Total Other Assets</b>	<b>23,788</b>	<b>237,543</b>	<b>-</b>	<b>261,331</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,233,179</b>	<b>\$ 343,502</b>	<b>\$ (60)</b>	<b>\$ 5,576,621</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 78,458	\$ 150	\$ -	\$ 78,608
Accrued expenses	261,389	-	-	261,389
Due to Chapters	60	-	(60)	-
Deferred revenue	1,001,380	60	-	1,001,440
Deferred rent, current portion	6,677	-	-	6,677
<b>Total Current Liabilities</b>	<b>1,347,964</b>	<b>210</b>	<b>(60)</b>	<b>1,348,114</b>
<b>LONG-TERM LIABILITIES</b>				
PPP loan	412,140	-	-	412,140
Deferred rent, net of current portion	48,152	-	-	48,152
<b>Total Long-Term Liabilities</b>	<b>460,292</b>	<b>-</b>	<b>-</b>	<b>460,292</b>
<b>Total Liabilities</b>	<b>1,808,256</b>	<b>210</b>	<b>(60)</b>	<b>1,808,406</b>
<b>NET ASSETS</b>				
Without donor restrictions	3,424,923	343,292	-	3,768,215
<b>Total Net Assets</b>	<b>3,424,923</b>	<b>343,292</b>	<b>-</b>	<b>3,768,215</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,233,179</b>	<b>\$ 343,502</b>	<b>\$ (60)</b>	<b>\$ 5,576,621</b>

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION  
DETAILED SCHEDULE OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	<u>Association</u>	<u>Chapters</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>				
Meeting registration income	\$ 2,053,221	\$ 2,680	\$ -	\$ 2,055,901
Membership dues	1,752,203	-	-	1,752,203
Sponsorships, grants and contributions	691,954	300	-	692,254
Program income	318,667	-	-	318,667
Royalties	146,454	-	-	146,454
Advertising	17,000	-	-	17,000
Other income	50,157	-	(47,207)	2,950
Interest and dividend income	125,007	4,836	-	129,843
Net appreciation in fair value of investments	195,967	-	-	195,967
<b>Total Revenue and Support</b>	<u>5,350,630</u>	<u>7,816</u>	<u>(47,207)</u>	<u>5,311,239</u>
<b>EXPENSES</b>				
Program services:				
Conferences	982,690	3,903	-	986,593
Education and information	1,370,771	5,445	-	1,376,216
Membership services	818,630	3,251	-	821,881
<b>Total Program Services</b>	<u>3,172,091</u>	<u>12,599</u>	<u>-</u>	<u>3,184,690</u>
Support services:				
Management and general	1,006,103	51,063	(47,207)	1,009,959
Fundraising	21,238	83	-	21,321
<b>Total Support Services</b>	<u>1,027,341</u>	<u>51,146</u>	<u>(47,207)</u>	<u>1,031,280</u>
<b>Total Expenses</b>	<u>4,199,432</u>	<u>63,745</u>	<u>(47,207)</u>	<u>4,215,970</u>
<b>CHANGE IN NET ASSETS</b>	1,151,198	(55,929)	-	1,095,269
<b>NET ASSETS, beginning of year</b>	<u>2,273,725</u>	<u>399,221</u>	<u>-</u>	<u>2,672,946</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,424,923</u>	<u>\$ 343,292</u>	<u>\$ -</u>	<u>\$ 3,768,215</u>