

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION  
AND AFFILIATE**

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

**DECEMBER 31, 2013 AND 2012**

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012**

	2013	2012
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 365,189	\$ 772,445
Investments	1,811,408	917,426
Accounts receivable	74,438	79,728
Grants and pledges receivable	50,000	297,150
Prepaid expenses	34,917	58,681
Total Current Assets	2,335,952	2,125,430
<b>OTHER ASSETS</b>		
Property and equipment, net (Note E)	108,775	102,997
Security deposit	23,788	23,788
Total Other Assets	132,563	126,785
<b>TOTAL ASSETS</b>	<b>\$ 2,468,515</b>	<b>\$ 2,252,215</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,439	\$ 104,073
Accrued expenses	147,370	175,911
Deferred revenue	17,730	7,580
Deferred rent	73,381	42,893
Total Current Liabilities	253,920	330,457
<b>NET ASSETS</b>		
Board designated	935,806	-
Unrestricted	1,232,789	1,875,758
Total Unrestricted Net Assets	2,168,595	1,875,758
Permanently restricted	46,000	46,000
Total Net Assets	2,214,595	1,921,758
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,468,515</b>	<b>\$ 2,252,215</b>

See independent auditor's report and accompanying notes to the financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Membership dues	\$ 1,097,038	\$ -	\$ 1,097,038
Annual conference	1,005,031	-	1,005,031
Sponsorships, grants and contributions	748,904	-	748,904
Royalties	189,044	-	189,044
Contract income	63,902	-	63,902
Advertising	12,900	-	12,900
Sales revenue	132,683	-	132,683
Interest and dividend income	69,245	-	69,245
Net income from investments	68,436	-	68,436
Total Revenue and Support	3,387,183		3,387,183
<b>EXPENSES</b>			
Program services:			
Annual conference	964,545	-	964,545
Education and information	770,377	-	770,377
Membership services	546,769	-	546,769
Total Program Services	2,281,691		2,281,691
Support services:			
Management and general	803,805		803,805
Fundraising	8,850	-	8,850
Total Support Services	812,655	-	812,655
Total Expenses	3,094,346	-	3,094,346
<b>CHANGE IN NET ASSETS</b>	292,837	-	292,837
<b>NET ASSETS, beginning of period</b>	1,875,758	46,000	1,921,758
<b>NET ASSETS, end of period</b>	\$ 2,168,595	\$ 46,000	\$ 2,214,595

See independent auditor's report and accompanying notes to the financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Membership dues	\$ 1,030,481	\$ -	\$ 1,030,481
Annual conference	851,907	-	851,907
Sponsorships, grants and contributions	714,263	-	714,263
Royalties	187,485	-	187,485
Contract income	103,817	-	103,817
Advertising	29,200	-	29,200
Sales revenue	65,013	-	65,013
Interest and dividend income	35,978	-	35,978
Net loss from investments	62,824	-	62,824
Total Revenue and Support	3,080,968		3,080,968
<b>EXPENSES</b>			
Program services:			
Annual conference	841,174	-	841,174
Education and information	587,027	-	587,027
Membership services	504,673	-	504,673
Total Program Services	1,932,874		1,932,874
Support services:			
Management and general	734,064		734,064
Fundraising	6,793	-	6,793
Total Support Services	740,857	-	740,857
Total Expenses	2,673,731	-	2,673,731
<b>CHANGE IN NET ASSETS</b>	407,237	-	407,237
<b>NET ASSETS, beginning of period</b>	1,468,521	46,000	1,514,521
<b>NET ASSETS, end of period</b>	\$ 1,875,758	\$ 46,000	\$ 1,921,758

See independent auditor's report and accompanying notes to the financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013**

	PROGRAM SERVICES					SUPPORT SERVICES			Total
	Annual Conference	Education and Information	Membership Services	Total Program Services	Management and General	Fundraising	Total Support Services		
Personnel costs:									
Salaries	\$ 241,376	\$ 164,135	\$ 222,065	\$ 627,576	\$ 333,098	\$ 4,828	\$ 337,926	\$ 965,502	
Payroll taxes	15,544	10,570	14,301	40,415	21,451	311	21,762	62,177	
Employee benefits	27,831	18,925	25,604	72,360	38,405	557	38,962	111,322	
Pension	15,024	10,216	13,822	39,062	20,732	300	21,032	60,094	
Subtotal personnel costs	299,775	203,846	275,792	779,413	413,686	5,996	419,682	1,199,095	
Advertising	200	920	-	1,120	2,511	-	2,511	3,631	
Auditing and accounting	-	-	-	-	15,492	-	15,492	15,492	
Audio visual	40,371	9,731	1,384	51,486	3,255	-	3,255	54,741	
Bank and credit card fees	25,642	5,828	55,844	87,314	14,690	-	14,690	102,004	
Commission	63,692	945	-	64,637	-	-	-	64,637	
Conference and meeting	339,084	432,047	-	771,131	15,766	-	15,766	786,897	
Consultant	27,215	4,162	64,538	95,915	40,382	-	40,382	136,297	
Depreciation	-	4,331	5,859	10,190	15,286	-	15,286	25,476	
Dues and subscriptions	5,361	-	9,565	14,926	39,300	-	39,300	54,226	
Honorarium and scholarships	20,500	11,528	2,500	34,528	-	-	-	34,528	
Information technology	7,486	5,090	6,887	19,463	10,331	150	10,481	29,944	
Interest and investment fee	-	-	-	-	11,231	-	11,231	11,231	
Insurance	-	-	-	-	12,338	-	12,338	12,338	
Legal	-	-	-	-	21,925	-	21,925	21,925	
Loss on disposal	-	-	-	-	779	-	779	779	
Moving expenses	-	-	-	-	231	-	231	231	
Occupancy	30,116	20,479	27,706	78,301	41,559	602	42,161	120,462	
Office expenses	3,424	2,328	3,150	8,902	4,725	68	4,793	13,695	
Office supplies	14,029	9,540	12,906	36,475	19,359	281	19,640	56,115	
Postage and delivery	13,151	8,943	12,099	34,193	18,149	263	18,412	52,605	
Printing and copying	11,731	7,977	10,793	30,501	16,189	235	16,424	46,925	
Product expenses	3,522	2,395	3,240	9,157	4,861	70	4,931	14,088	
Professional services	3,195	2,173	2,939	8,307	4,409	64	4,473	12,780	
Telephone	6,036	4,104	5,553	15,693	8,330	121	8,451	24,144	
Travel	40,594	27,604	37,346	105,544	56,019	812	56,831	162,375	
Website	9,421	6,406	8,668	24,495	13,002	188	13,190	37,685	
Total Expenses	\$ 964,545	\$ 770,377	\$ 546,769	\$ 2,281,691	\$ 803,805	\$ 8,850	\$ 812,655	\$ 3,094,346	

See independent auditor's report and accompanying notes to the financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012**

	PROGRAM SERVICES					SUPPORT SERVICES			Total
	Annual Conference	Education and Information	Membership Services	Total Program Services	Management and General	Fundraising	Total Support Services		
Personnel costs:									
Salaries	\$ 191,806	\$ 146,198	\$ 213,833	\$ 551,837	\$ 272,535	\$ 3,477	\$ 276,012	\$ 827,849	
Payroll taxes	12,412	9,460	13,837	35,709	17,636	225	17,861	53,570	
Employee benefits	20,909	15,937	23,310	60,156	29,708	379	30,087	90,243	
Pension	11,071	8,438	12,342	31,851	15,731	201	15,932	47,783	
Subtotal personnel costs	236,198	180,033	263,322	679,553	335,610	4,282	339,892	1,019,445	
Advertising	375	49	-	424	60	-	60	484	
Auditing and accounting	-	-	-	-	15,235	-	15,235	15,235	
Audio visual	51,456	17,252	-	68,708	2,173	-	2,173	70,881	
Bank and credit card fees	-	-	-	-	84,024	-	84,024	84,024	
Commission	37,733	1,890	-	39,623	-	-	-	39,623	
Conference and meeting	323,137	240,420	-	563,557	2,480	-	2,480	566,037	
Consultant	29,116	8,803	78,920	116,839	18,312	-	18,312	135,151	
Contributions	-	-	-	-	100	-	100	100	
Depreciation	4,068	3,101	4,535	11,704	5,779	74	5,853	17,557	
Dues and subscriptions	90	2,290	515	2,895	25,306	-	25,306	28,201	
Honorarium and scholarships	20,850	30,710	-	51,560	1,000	-	1,000	52,560	
Information technology	8,863	6,756	9,881	25,500	12,594	161	12,755	38,255	
Interest and investment fee	-	-	-	-	8,226	-	8,226	8,226	
Insurance	-	-	-	-	9,240	-	9,240	9,240	
Legal	-	-	-	-	24,961	-	24,961	24,961	
Loss on disposal	-	-	-	-	5,890	-	5,890	5,890	
Moving expenses	-	-	-	-	4,633	-	4,633	4,633	
Occupancy	27,714	21,124	30,896	79,734	39,378	502	39,880	119,614	
Office expenses	2,399	1,829	2,674	6,902	3,409	43	3,452	10,354	
Office supplies	7,784	5,933	8,678	22,395	11,062	141	11,203	33,598	
Postage and delivery	9,077	6,919	10,120	26,116	12,897	165	13,062	39,178	
Printing and copying	9,342	7,121	10,415	26,878	13,275	169	13,444	40,322	
Product expenses	3,704	-	7,494	11,198	-	-	-	11,198	
Professional services	4,343	3,310	4,842	12,495	6,170	79	6,249	18,744	
Telephone	5,628	4,290	6,275	16,193	7,997	102	8,099	24,292	
Travel	50,461	38,462	56,256	145,179	71,699	915	72,614	217,793	
Website	8,836	6,735	9,850	25,421	12,554	160	12,714	38,135	
Total Expenses	\$ 841,174	\$ 587,027	\$ 504,673	\$ 1,932,874	\$ 734,064	\$ 6,793	\$ 740,857	\$ 2,673,731	

See independent auditor's report and accompanying notes to the financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 292,837	\$ 407,237
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of assets	779	5,890
Depreciation	25,476	17,557
Net income from investment	(68,436)	(62,824)
Decrease (increase) in assets:		
Accounts receivable	5,290	(26,881)
Grants receivable	247,150	(272,150)
Prepaid expenses	23,764	(25,019)
Security deposit	-	(12,861)
Increase (decrease) in liabilities:		
Accounts payable	(88,634)	85,183
Accrued expenses	(28,541)	107,579
Deferred revenue	10,150	280
Deferred rent	30,488	42,893
Net Cash Provided by Operating Activities	450,323	266,884
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceed from sales	205,054	87,310
Purchases of investments	(1,030,600)	(134,204)
Purchases of leasehold improvements	(24,585)	(16,805)
Purchases of furniture and equipment	(7,448)	(83,571)
Net Cash Used by Investing Activities	(857,579)	(147,270)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(407,256)	119,614
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	772,445	652,831
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 365,189	\$ 772,445

See independent auditor's report and accompanying notes to the financial statements.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**NOTE A – NATURE OF ORGANIZATION**

The American Psychiatric Nurses Association (“APNA”) 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. Its 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 APNA’s revenues are derived from membership dues, conference registration fees, and conference and project sponsorships. APNA hosts two major conferences each year: the Annual Conference and the Clinical Psychopharmacology Institute. APNA publishes a bi-monthly Journal: “*Journal of the American Psychiatric Nurse Association*”.

APNA formed the American Psychiatric Nursing Foundation (“APNF”) in 2002 to provide resources to advance the profession of psychiatric nursing. APNA’s Board of Directors may appoint the Board of APNF. APNF was designed to raise funds to support APNA’s mission and support long-range growth.

APNA and APNF are collectively referred to as the Association.

Program Descriptions

*Annual Conference* – APNA holds two national conferences each year, the Clinical Psychopharmacology Institute (“CPI”) Conference in June and the Annual Conference in November. 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 the Annual Awards.

*Education and Information* - The Association provides online continuing nursing education opportunities to members and nonmembers via their “eLearning Center”. One hundred and thirty sessions were offered in 2013 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 30 graduate and undergraduate nursing students to attend the Annual Conference.

*Membership Services* – Expense 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 development of standards and policies to advance the discipline of psychiatric-mental health nursing within the field of mental illness and substance abuse disorders.



**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE B - SUMMARY OF ACCOUNTING POLICIES**

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The consolidated financial statements include the accounts of American Psychiatric Nursing Association and the American Psychiatric Nursing Foundation. All material inter-company transactions have been eliminated.

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

*Unrestricted Net Assets* - Net assets not subject to donor-imposed restrictions include \$935,806 and \$0 in board designated net assets as of December 31, 2013 and 2012, respectively.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met by either actions of the association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets as of December 31, 2013 and 2012.

*Permanently Restricted Net Assets* - Net assets are subject to donor-imposed stipulations that the assets will be maintained permanently by APNA. There were \$46,000 of permanently restricted net assets as of December 31, 2013 and 2012, respectively.

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 and cash equivalents.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE B - SUMMARY OF ACCOUNTING POLICIES - continued**

Investments

Investments are stated at fair value, based on quoted market prices, if available. Interest and dividend income is recognized when earned. Unrealized appreciation or depreciation in the fair value of investment is recognized in the statement of activities in the period in which such changes occur.

Accounts and Pledges Receivable

Accounts and pledges 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.

Property and Equipment

Furniture 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. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Furniture, fixtures and equipment	7 Years
Computer, software and website	3 Years
Leasehold improvement	5 Years
Capital lease	5 Years

Deferred Revenue

Deferred revenue consists of conference registrations and exhibit booth fees received in advance of the periods to which they apply.

Deferred Rent

During 2013, the landlord provided APNA free rent, which is being amortized on a straight line basis over the term of the lease and is recorded as deferred rent liability in the statements of financial position.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE B - SUMMARY OF ACCOUNTING POLICIES -- continued**

Revenue Recognition

Membership dues are recognized on the cash method of accounting, which is a comprehensive method of accounting other than generally accepted accounting principles. Under the cash method of accounting, membership dues are recognized as revenue when the dues are received by the Association, rather than over the membership period.

Annual conference and sponsorship revenue is recognized in the year in which the meetings and events are held. Amounts received in advance are recorded as deferred revenue.

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Revenue from royalties, publication, advertising and the sale of products is recognized in the period that it is earned.

Contracts revenue is treated as an exchange transaction, in which revenue is earned when eligible expenditures, as defined in each contract, are incurred. Funds received but not yet earned are recorded as deferred revenue.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and detailed in a supplemental schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE C – INCOME TAXES**

APNA and APNF are both 501(c)(3) tax exempt organizations under Section 501(a) of the Internal Revenue Code. APNA and APNF are, however, subject to tax on business income unrelated to its exempt purpose. Both organizations are separate entities for income tax reporting, and they file separate information returns and other tax returns as required.

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 income tax 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 tax returns for the fiscal years 2010 through 2012 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

**NOTE D – INVESTMENTS**

Generally accepted accounting principles establish a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are described as follows:

- Level 1*            Inputs are based on unadjusted quoted prices for identical assets traded in active markets that the Association has the ability to access.
  
- Level 2*            Inputs are based upon 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 fair value measurement.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE D – INVESTMENTS – continued**

There were no Level 3 inputs for any assets held by the Association as of December 31, 2013 and 2012.

The following is a description of the valuation methodologies used to measure investments at fair value:

*Mutual funds* - Valued at the closing price reported in the active market in which the individual securities are traded.

*Common stocks* - Valued at the closing price reported in the active market in which the individual securities are traded.

*Bonds* - Valued at the closing price reported in the active market in which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Association's investments at fair value as of December 31, 2013 and 2012:

Assets at Fair Value as of December 31, 2013				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,744,405	\$ -	\$ -	\$ 1,744,405
Common stocks	17,418	-	-	17,418
Bonds	49,585	-	-	49,585
Total	\$ 1,811,408	\$ -	\$ -	\$ 1,811,408

Assets at Fair Value as of December 31, 2012				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 828,905	\$ -	\$ -	\$ 828,905
Common stocks	88,521	-	-	88,521
Total	\$ 917,426	\$ -	\$ -	\$ 917,426

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE D – INVESTMENTS – continued**

Investment return for the years ended December 31, 2013 and 2012 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 69,245	\$ 35,978
Net appreciation in fair value of investments	68,436	62,824
Net investment income	<u>137,681</u>	<u>98,802</u>

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Computer, software and website	\$ 82,971	\$ 80,771
Furniture and fixtures	61,620	56,372
Leasehold improvement	41,391	16,806
	<u>185,982</u>	<u>153,949</u>
Less accumulated depreciation	<u>(77,207)</u>	<u>(50,952)</u>
Net Property and Equipment	<u>\$ 108,775</u>	<u>\$ 102,997</u>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$25,476 and \$17,557, respectively.

**NOTE F - RETIREMENT PLAN**

The Association has established a tax-deferred annuity plan that covers substantially all of its employees except student interns, consultants, and temporary employees. Eligible employees may begin participation in the plan on the first of the month following employment. Vesting in the benefits by participating employees is full and immediate. In addition, the Association established a defined contribution retirement plan. Eligible employees may begin participation in the plan upon completion of three months of service. The Association contributes 5% of employees' annual salaries to all eligible plan participants. On January 1, 2012, the Board of Directors approved an additional matching contribution of up to a maximum of 2.5% of the employee's elective deferrals. Pension expense for the years ended December 31, 2013 and 2012 totaled \$60,094 and \$47,783, respectively.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE G – OPERATING LEASE**

One August 1, 2012, the Association entered into a new lease agreement for its office space at 3141 Fairview Park Drive, Falls Church, VA. The period of this lease is for 128 months, from August 1, 2012 through March 31, 2023. The future minimum lease payments are as follows:

December 31,	2014	\$ 98,895
	2015	101,613
	2016	104,396
	2017	107,259
	2018	110,220
	Thereafter through 2023	503,237
		\$ 1,025,620

The occupancy expense for the years ended December 31, 2013 and 2012, totaled \$120,462 and \$119,614, respectively.

**NOTE H – ENDOWMENT**

Effective February, 2008, Virginia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. APNF is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so, to consider a number of factors including the duration and preservation of its donor restricted endowment funds. As a result of this interpretation, APNF classified as permanently restricted net assets the original value of gifts donated to be held in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by APNF in a manner consistent with the standard of prudence prescribed by UPMIFA.

APNF has one donor restricted endowment, the Jane A. Ryan Endowment Fund. The purpose of the fund is to provide a sustaining source of income to develop a leadership program for potential Association leaders to learn how to successfully represent the President of the American Psychiatric Nurses Foundation.

APNF has adopted investment and spending policies 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 the endowment assets.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE H – ENDOWMENTS - continued**

To satisfy its investment objectives, APNF 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). APNF targets a diversified asset allocation that places emphasis on a balanced portfolio to preserve the principal, yet produce earnings to be spent to support the Endowment purposes.

APNF's Board of Trustees approves endowment spending as part of its annual budget formulation. As part of the budget process, APNF considers the expected return on its endowment. Accordingly, over the long term, APNF expects the current spending policy to allow its endowment to grow or at least keep the principal intact. This is consistent with APNF's objective of maintaining the purchasing power of the endowment assets held in perpetuity.

The fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Association to retain as a fund of perpetual duration. As of December 31, 2012, there were no deficiencies in the endowment funds.

The Endowment balance at December 31, 2013 and 2012 consisted of securities of \$21,000 and a pledge receivable of \$25,000 for a total of \$46,000 that were classified as permanently restricted net assets in both years.

Investment income has been allocated to unrestricted net assets in accordance with SFAS 124, due to the absence of donor explicit stipulation to the contrary.

**NOTE I – CONTINGENCIES FOR FUTURE MEETINGS**

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

**NOTE J - RELATED PARTY TRANSACTIONS**

APNA and APNF share the Executive Director, staff and office space. For the years ended December 31, 2013 and 2012, APNA owed APNF amounts totaling \$122 and \$165, respectively. These amounts were balances for donations made to APNF and were deposited into APNA's bank accounts.



**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
(continued)

**NOTE K - SUBSEQUENT EVENTS**

In preparing these financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure through June 10, 2014, the date the financial statements were available to be issued. There were no additional events or transactions discovered during the evaluation that required further disclosure.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
DECEMBER 31, 2013**

<u>ASSETS</u>	<u>APNA</u>	<u>APNF</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 336,645	\$ 28,544	\$ -	\$ 365,189
Investment	1,673,300	138,108	-	1,811,408
Accounts receivable	74,438	-	-	74,438
Grants and pledges receivable	25,000	25,000	-	50,000
Due from APNA	122	-	(122)	-
Prepaid expenses	34,917	-	-	34,917
Total Current Assets	<u>2,144,422</u>	<u>191,652</u>	<u>(122)</u>	<u>2,335,952</u>
<b>OTHER ASSETS</b>				
Property and equipment, net (Note E)	108,775	-	-	108,775
Security deposit	23,788	-	-	23,788
Total Other Assets	<u>132,563</u>	<u>-</u>	<u>-</u>	<u>132,563</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,276,985</u>	<u>\$ 191,652</u>	<u>\$ (122)</u>	<u>\$ 2,468,515</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 15,439	\$ -	\$ -	\$ 15,439
Accrued expenses	147,370	-	-	147,370
Due to APNF	-	122	(122)	-
Deferred revenue	17,730	-	-	17,730
Deferred rent	73,381	-	-	73,381
Total Current Liabilities	<u>253,920</u>	<u>122</u>	<u>(122)</u>	<u>253,920</u>
<b>NET ASSETS</b>				
Board designated	935,806	-	-	935,806
Unrestricted	1,087,259	145,530	-	1,232,789
Total Unrestricted Net Assets	<u>2,023,065</u>	<u>145,530</u>	<u>-</u>	<u>2,168,595</u>
Permanently restricted	-	46,000	-	46,000
Total Net Assets	<u>2,023,065</u>	<u>191,530</u>	<u>-</u>	<u>2,214,595</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,276,985</u>	<u>\$ 191,652</u>	<u>\$ (122)</u>	<u>\$ 2,468,515</u>

See independent auditor's report on supplemental information.

**AMERICAN PSYCHIATRIC NURSES ASSOCIATION AND AFFILIATE  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013**

	<u>APNA</u>	<u>APNF</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Membership dues	\$ 1,097,038	\$ -	\$ 1,097,038
Annual conference	1,005,031	-	1,005,031
Sponsorships, grants and contributions	732,897	16,007	748,904
Royalties	189,044	-	189,044
Contract income	63,902	-	63,902
Advertising	12,900	-	12,900
Sales revenue	132,683	-	132,683
Interest and dividend income	62,275	6,970	69,245
Net income from investment	56,497	11,939	68,436
Total Revenue and Support	<u>3,352,267</u>	<u>34,916</u>	<u>3,387,183</u>
<b>EXPENSES</b>			
Program services:			
Annual conference	964,545	-	964,545
Education and information	764,377	6,000	770,377
Membership services	546,769	-	546,769
Total Program Services	<u>2,275,691</u>	<u>6,000</u>	<u>2,281,691</u>
Support services:			
Management and general	802,175	1,630	803,805
Fundraising	8,850	-	8,850
Total Support Services	<u>811,025</u>	<u>1,630</u>	<u>812,655</u>
Total Expenses	<u>3,086,716</u>	<u>7,630</u>	<u>3,094,346</u>
<b>CHANGE IN NET ASSETS</b>	265,551	27,286	292,837
<b>NET ASSETS, beginning of period</b>	<u>1,757,514</u>	<u>164,244</u>	<u>1,921,758</u>
<b>NET ASSETS, end of period</b>	<u>\$ 2,023,065</u>	<u>\$ 191,530</u>	<u>\$ 2,214,595</u>

See independent auditor's report on supplemental information.