
APA Services, Inc.

Audited Consolidated Financial Statements with Supplementary Information

YEARS ENDED DECEMBER 31, 2022 AND 2021



AMERICAN
PSYCHOLOGICAL
ASSOCIATION
Services, Inc.

APA Services, Inc.

Audited Consolidated Financial Statements with
Supplementary Information
Years Ended December 31, 2022 and 2021

APA Services, Inc.

Contents

Independent Auditor's Report	1-2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	5-6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8-16
Independent Auditor's Report on Supplementary Information	17
Consolidating Schedule of Financial Position	18
Consolidating Schedule of Entities' Activities	19



Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report

Board of Directors
APA Services, Inc.
Washington, D.C.

Opinion

We have audited the consolidated financial statements of APA Services, Inc. (APASI), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of APASI as of December 31, 2022 and 2021, and the changes in their net assets and their 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of APASI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

BDO USA, P.A.

McLean, Virginia
July 6, 2023

Consolidated Financial Statements

APA Services, Inc.

Consolidated Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 3,779,096	\$ 3,852,664
Investments	819,990	863,491
Accounts receivable	190,136	78,101
Prepaid expenses	20,612	14,749
Total assets	\$ 4,809,834	\$ 4,809,005
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 124,712	\$ 75,918
Due to APA/Divisions	291,122	377,941
Deferred revenue	3,429,247	3,473,831
Total liabilities	3,845,081	3,927,690
Net assets		
Without donor restrictions	732,841	634,480
With donor restrictions	231,912	246,835
Total net assets	964,753	881,315
Total liabilities and net assets	\$ 4,809,834	\$ 4,809,005

See accompanying notes to the consolidated financial statements.

APA Services, Inc.

Consolidated Statements of Activities and Changes in Net Assets

Years Ended December 31,	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues						
Membership dues	\$ 5,072,354	\$ -	\$ 5,072,354	\$ 4,954,290	\$ -	\$ 4,954,290
Certification and other revenue	465,273	-	465,273	408,832	-	408,832
Contributions and sponsorships	77,914	97,567	175,481	84,669	79,445	164,114
Net assets released from restrictions	112,490	(112,490)	-	53,335	(53,335)	-
Total revenues	5,728,031	(14,923)	5,713,108	5,501,126	26,110	5,527,236
Expenses						
Program services						
Experiences and outreach programs	1,568,771	-	1,568,771	1,541,556	-	1,541,556
Policy and research programs	1,359,106	-	1,359,106	1,007,312	-	1,007,312
Publication programs	20,461	-	20,461	-	-	-
Total program services	2,948,338	-	2,948,338	2,548,868	-	2,548,868
Support services						
Management and general	2,310,820	-	2,310,820	2,212,724	-	2,212,724
Fundraising	334,855	-	334,855	291,363	-	291,363
Total support services	2,645,675	-	2,645,675	2,504,087	-	2,504,087
Total expenses	5,594,013	-	5,594,013	5,052,955	-	5,052,955
Changes in net assets before other income	134,018	(14,923)	119,095	448,171	26,110	474,281
Other (loss) income						
Investment return, net	(35,657)	-	(35,657)	1,153	-	1,153
Changes in net assets	98,361	(14,923)	83,438	449,324	26,110	475,434
Net assets at the beginning of the year	634,480	246,835	881,315	185,156	220,725	405,881
Net assets at the end of the year	\$ 732,841	\$ 231,912	\$ 964,753	\$ 634,480	\$ 246,835	\$ 881,315

See accompanying notes to the consolidated financial statements.

APA Services, Inc.

Consolidated Statement of Functional Expenses

<i>Year Ended December 31,</i>	2022					Total
	Experiences and outreach programs	Policy and research programs	Publication programs	Management and general	Fundraising	
Salaries and overhead	\$ 1,090,042	\$ 571,618	\$ -	\$ 1,853,848	\$ 45,763	\$ 3,561,271
Consulting and contractual services	174,568	615,364	-	194,240	137,163	1,121,335
Professional practice grants and initiatives	247,000	104,562	-	-	112,490	464,052
Finance expenses	-	-	-	193,365	4,999	198,364
Board, committee and other meeting expenses	29,666	10,079	-	2,200	21,495	63,440
Advertising	14,192	511	20,249	15,126	5,050	55,128
Other expenses	1,830	48,875	-	319	2,300	53,324
Insurance	-	-	-	35,730	-	35,730
Printing, postage and office expenses	6,978	4,752	212	9,108	3,335	24,385
Travel	4,495	3,345	-	6,884	2,260	16,984
Total expenses	\$ 1,568,771	\$ 1,359,106	\$ 20,461	\$ 2,310,820	\$ 334,855	\$ 5,594,013

See accompanying notes to the consolidated financial statements.

APA Services, Inc.

Consolidated Statement of Functional Expenses

<i>Year Ended December 31,</i>	2021					Total
	Experiences and outreach programs	Policy and research programs	Publication programs	Management and general	Fundraising	
Salaries and overhead	\$ 1,103,418	\$ 358,253	\$ -	\$ 1,846,288	\$ 38,590	\$ 3,346,549
Consulting and contractual services	172,176	516,879	-	117,125	154,750	960,930
Professional practice grants and initiatives	250,000	102,247	-	-	53,335	405,582
Finance expenses	-	-	-	173,527	3,961	177,488
Board, committee and other meeting expenses	1,556	1,369	-	4,055	22,951	29,931
Advertising	11,055	-	-	13,446	2,419	26,920
Other expenses	3,292	27,585	-	21,126	2,300	54,303
Insurance	-	-	-	34,100	-	34,100
Printing, postage and office expenses	56	798	-	3,057	13,057	16,968
Travel	3	181	-	-	-	184
Total expenses	\$ 1,541,556	\$ 1,007,312	\$ -	\$ 2,212,724	\$ 291,363	\$ 5,052,955

See accompanying notes to the consolidated financial statements.

APA Services, Inc.

Consolidated Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ 83,438	\$ 475,434
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized losses on investments	64,323	10,325
Changes in operating assets and liabilities:		
Accounts receivable	(112,035)	31,671
Prepaid expenses	(5,863)	(8,075)
Accounts payable and accrued expenses	48,794	(102,793)
Due to APA/Divisions	(86,819)	88,748
Deferred revenue	(44,584)	275,081
Total adjustments	(136,184)	294,957
Net cash (used in) provided by operating activities	(52,746)	770,391
Cash flows from investing activities:		
Net (increase) decrease in money market funds held in investments	(5,794)	1,550
Proceeds from sales of investments	157,296	-
Purchases of investments	(172,324)	(13,020)
Net cash used in investing activities	(20,822)	(11,470)
Net (decrease) increase in cash and cash equivalents	(73,568)	758,921
Cash and cash equivalents, beginning of the year	3,852,664	3,093,743
Cash and cash equivalents, end of the year	\$ 3,779,096	\$ 3,852,664

See accompanying notes to the consolidated financial statements.

APA Services, Inc.

Notes to the Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

APA Services, Inc. (APASI) is a District of Columbia nonprofit corporation that was created by American Psychological Association (APA) to promote the mutual professional interests of practicing psychologists and focuses on advocating for the entire discipline and profession of psychology. APASI is a wholly-owned entity of APA.

APASI created the Education Advocacy Trust (EdAT) in 2005, a grantor trust under Sections 671 through 679 of the Internal Revenue Code (the IRC). The mission of EdAT is to promote the mutual professional interests of psychologists in advancing psychology education and psychology's role in the other areas of education. EdAT is not a separate entity, but the funds are maintained separately from APASI. During 2021, EdAT ceased operations, and as a result, there was no operating activity for 2022 or 2021.

APASI Political Action Committee (PAC) was created in 2012 to provide the opportunity for individuals interested in the future of the psychology profession to contribute to the support of candidates for federal office who believe in, and have demonstrated their beliefs in, the principles to which the profession is dedicated. The PAC is organized and operates in compliance with the Federal Election Campaign Act of 1971. The PAC is a non-profit, unincorporated political committee that operates as a separate, segregated fund.

The significant accounting policies followed by APASI, EdAT and PAC are described below.

Principles of Consolidation

The consolidated financial statements include the accounts of APASI, EdAT and PAC (collectively, the Organization). All significant inter-entity transactions and balances have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements of the Organization are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimates under different assumptions or conditions.

Revenue Recognition

Membership dues

APASI's membership dues consist of all members of APA that are in good standing. The Council has approved the 2022 and 2021 membership dues be allocated 60% to APASI and 40% to APA. The allocation percentage for membership dues between APA and APASI is reviewed and voted on annually.

APA Services, Inc.

Notes to the Consolidated Financial Statements

Dues are recorded as revenue in the year to which the dues relate. Dues received in advance of the applicable year are recorded as deferred revenue. As of December 31, 2022 and 2021, deferred revenue related to membership dues amounted to \$3,429,247 and \$3,473,831, respectively.

Amounts charged to members for the general rights of membership, includes access to the members-only section of APA's website; advocacy representation for members on issues affecting psychology; one-year subscription to certain psychology publications; annual credit towards additional journal subscriptions; and providing access to valuable training, resources, and information. Although APASI does not execute a contract with its members, management considers payment of annual dues, based on prices determined by APA, to constitute member acceptance of the offered benefits. Within the membership benefits described above, annual credits towards additional journal subscriptions and access to training, resources and information are considered marketing offers and are accounted for only when the member exercises the option to purchase the additional goods or services. The remaining performance obligations are satisfied over the membership period, using the input method, which coincides with APASI's reporting period.

Other revenue

APASI distributes and provides various products and services related to the professional interests of practicing psychologists. Total gross product sales and services for the years ended December 31, 2022 and 2021 totaled \$29,128 and \$30,509, respectively, and were included in certification and other revenue in the consolidated statements of activities and changes in net assets.

APASI offers a printed and digital newsletter targeted to different audience segments. Organizations may advertise in any of these publications or digital products. APASI recognizes revenue in an amount to which APASI has the right to invoice when the advertisement appears in the publication or when the impressions on APASI's website are delivered. APASI has concluded that they have a right to consideration from the customer in an amount that corresponds directly to the value to the customer of the advertising services performed by APASI. Advertising revenue totaling \$116,959 and \$118,394 in 2022 and 2021, respectively, were included in certification and other revenue in the consolidated statements of activities and changes in net assets.

Contributions

Contributions are recognized in the period received or promised. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as net assets with donor restrictions in the consolidated statements of activities and changes in net assets. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions.

Contributions are recorded at fair value, which is net of the estimated uncollectible amounts. The Association uses the allowance method to determine uncollectible unconditional contribution receivable. The allowance is based on experience as well as management's analysis of specific contributions made, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Other revenues are recognized when earned.

APA Services, Inc.

Notes to the Consolidated Financial Statements

Investments

Investments in money market, common stocks and mutual funds are reported at fair value in the consolidated statements of financial position based on quoted market prices. Investments are exposed to certain risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities and volatility in the capital markets, changes in the value of investment securities could occur in the near term, and these changes could materially differ from the amounts reported in the accompanying consolidated financial statements.

Investment return earned is presented net of related investment fees. Investment return, including changes in market value, is reported in the consolidated statements of activities and changes in net assets as an increase or decrease in net assets without donor restrictions unless their use is restricted by donor stipulation. Changes in market value of investments as well as dividends and interest are reported as other (loss) income on the accompanying consolidated statements of activities and changes in net assets.

Classification of Net Assets

The Organization classifies its net assets into the two categories: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions generally result from revenues derived from providing services, receiving contributions without donor restrictions, less expenses incurred in providing services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. These net assets result from net contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and the restriction removed by actions of the Organization pursuant to those stipulations.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions.

Concentrations of Credit Risk

The Organization places its cash and investments in various financial institutions that are federally insured under the Federal Depositary Insurance Corporation Act (FDIC) and Securities Investor Protection Corporation (SIPC). However, at various times, the aggregate balances may exceed federally insured limits. The Organization has never experienced any losses on its cash and cash equivalents nor its investments to date related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2022 and 2021 approximates \$2,100,000 and \$2,900,000, respectively.

APA Services, Inc.

Notes to the Consolidated Financial Statements

The Organization's applicable investment aggregate balances were in excess of the SIPC insurance limits by approximately \$320,000 and \$363,000 at December 31, 2022 and 2021. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the consolidated statements of financial position.

Income Taxes

APASI is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code (the IRC) on income other than unrelated business income. APASI is subject to income tax in the District of Columbia on its unrelated business income. APASI had no significant unrelated business taxable income during the years ended December 31, 2022 and 2021, and therefore no provision for income taxes has been recorded in the accompanying consolidated financial statements.

EdAT is not a separate entity but is part of APASI for the purposes of Section 501(c)(6) of the IRC. EdAT did not generate any taxable income for the years ended December 31, 2022 and 2021.

PAC is generally exempt from federal income tax under Section 527 of the IRC. However, investment income earned on PAC funds is subject to federal and District of Columbia income taxes. The PAC generated no taxable income for the years ended December 31, 2022 and 2021.

APASI recognizes tax liabilities when, despite management's belief that tax return positions are supportable, APASI believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. APASI is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended December 31, 2018 and prior. Management has evaluated APASI's tax positions and has concluded that APASI has taken no material uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Functional Expenses

The mission of the Organization in 2022 and 2021 was to promote the mutual professional interests of practicing psychologists in all settings through a wide range of advocacy activities, focusing on policy makers, consumers of services, and the overall healthcare marketplace. The Organization's expenses related to providing such services are categorized as follows:

- The experiences and outreach program services relate primarily to APASI's advocacy programs. The Government Relations Federal Advocacy program is responsible for the protection and advancement of psychologist's interests in the federal legislative and regulatory arena. This task is met through a set of advocacy activities focusing on Members of Congress and Administration on issues including Medicare and health care reform. The State Advocacy program provides funds for APASI Emergency Grants, APASI Organizational Development Grants, and APASI Legislative Grants to state, provincial, and territorial

APA Services, Inc.

Notes to the Consolidated Financial Statements

associations (SPTAs). The Legal Advocacy program promotes, through legal advocacy, the advancements in the areas of licensing laws, managed care and marketplace issues that accurately reflect psychology's professional identity, professional role, and scope of practice. It advocates and develops psychology's freedom to participate and practice in all settings to the full extent of licensure and monitors the courts for any and all issues that facilitate and advance the practice of psychology. The experiences and outreach program services also include expenses related to Committee for the Advancement of Professional Practice (CAPP), the APA Office of Health Care Financing which advocates on behalf of psychology practitioners for optimal federal and commercial reimbursement policies and rates, Center for Psychology and Health (CPH), annual Practice Leadership conference, and Education Advocacy Trust (EdAT).

- The policy and research programs relate primarily to APASI's lobbying programs. The Government Relations Lobbying office advocates at federal or state legislatures the passage or defeat of legislation related to issues impacting the practice of psychology. This includes communications with APA members urging advocacy on behalf of proposed legislation. The State Advocacy Lobbying program is responsible for grants to state, provincial, and territorial associations (SPTAs) that are used for legislative advocacy. The Government Relations Grass Roots Lobbying office is responsible for the protection and advancement of psychologists' interests in the federal legislative and regulatory arenas. This task is met through a set of activities including advocacy of Members of Congress and the Administration on issues including Medicare and patient protection. The annual Practice Leadership Conference costs related to direct lobbying activities or the administrative support of direct lobbying activities are also reflected in the policy and research programs.
- The publication program services relate to the APASI's Communication program. This program is responsible for ongoing communications with members of APA and APASI. This department handles the print and electronic communications including the Good Practice magazine and bi-weekly Practice Update e-newsletter.

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and change in net assets and by natural and functional in the consolidated statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to their natural expenditure classifications. Certain categories of expenses are attributable to one or more program or supporting functions of the Organization. Accordingly, certain management and general costs have been allocated among program services and membership recruitment and development.

Expense	Method of Allocation
Depreciation and Amortization	Square footage
Space Allocation	Square footage
Benefit Allocation	Year-to-date (YTD) salary and direct costs
Overhead Allocation	Square footage, YTD salary, and direct costs

APA Services, Inc.

Notes to the Consolidated Financial Statements

Fair Value of Financial Instruments

The fair value of the Organization's cash, accounts receivable, prepaid expenses, and accounts payable and accrued expenses approximate their carrying amounts due to the relatively short maturity of these items.

2. Liquidity and Availability of Resources

As of December 31, 2022 and 2021, the Organization's financial assets available within one year of the consolidated statements of financial position for general expenditures is as follows:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,779,096	\$ 3,852,664
Accounts receivable	190,136	78,101
Investments	819,990	863,491
Total financial assets	4,789,222	4,794,256
Adjustments for amounts not available for general expenditures within one year:		
Due to APA/Divisions	(291,122)	(377,941)
Net assets with donor restrictions	(231,912)	(246,835)
Financial assets not available for general expenditures within one year	(523,034)	(624,776)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,266,188	\$ 4,169,480

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Organization's largest revenue source is membership dues and the membership dues are billed on an annual basis before the end of the previous membership period. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including money market funds and mutual funds. The Organization can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

APA Services, Inc.

Notes to the Consolidated Financial Statements

3. Net Assets With Donor Restrictions

As of December 31, 2022 and 2021, net assets with donor restrictions were available for the following purpose:

	2022	2021
PAC Fund	\$ 175,146	\$ 190,069
RxP Fund	36,134	36,134
Legal Action Fund	20,632	20,632
Total Net Assets With Donor Restrictions	\$ 231,912	\$ 246,835

The net assets with donor restrictions represents funds collected by APASI's PAC for distribution to candidates of political parties in the federal office that support the psychology profession. The donor-restricted (RxP) Fund supports state advocacy efforts to obtain prescriptive authority for psychologists. The donor-restricted LAF Fund is the Legal Action Fund and supports legal efforts to protect psychologist practitioners and the consumers they serve.

4. Related Party Transactions

APASI reimburses APA for certain expenses paid by APA on behalf of APASI. These amounts consist primarily of contracted services and overhead allocations for APASI. During the years ended December 31, 2022 and 2021, \$1,963,894 and \$1,910,042, respectively, was reimbursed to APA for contracted services paid on behalf of APASI, and \$1,714,636 and \$1,436,508, respectively, was reimbursed for overhead costs incurred by APA on APASI's behalf. These expenses are reflected as salaries and overhead in the accompanying consolidated statements of functional expenses.

APASI has entered into a contractual agreement with APA for the APA Insurance Trust share agreement, internet services, technology help phone line services, booth rental and advertising services. For the years ended December 31, 2022 and 2021, respectively, \$17,597 and \$13,601 was charged by APA for these services. These expenses are included in consulting and contractual services, advertising, and board, committee and other meeting expenses in the accompanying consolidated statements of functional expenses. As of December 31, 2022 and 2021, \$1,665 and \$2,036, respectively, were payable to APA for services provided.

APASI may also hold funds on APA and APA Divisions' behalf such as dues collected by APASI through membership billings. As of December 31, 2022, \$440,547 was due from APASI to APA and \$149,425 was due from Divisions to APASI. As of December 31, 2021, \$335,410 was due from APASI to APA, \$42,531 was due from APASI to Divisions. These funds are included in the due from APA and due to APA/Divisions in the accompanying consolidated/consolidating statements of financial position.

Additionally, there exists a lending and repayment agreement between APA and APASI to provide short-term borrowings to supplement cash flow. No amounts were due under this agreement at December 31, 2022 or 2021.

APA Services, Inc.

Notes to the Consolidated Financial Statements

5. Fair Value Measurements

Certain assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Organization's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs that are based upon quoted prices for identical instruments traded in active markets.
- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.
- **Level 3** - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Organization uses to measure its financial assets at fair value.

Fair Value on a Recurring Basis

At December 31, 2022 and 2021, the Organization's investments included money market funds, mutual funds and common stocks. In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. The pricing methodology applies to Level 1 investments.

APA Services, Inc.

Notes to the Consolidated Financial Statements

Investments measured at fair value on a recurring basis are summarized below:

<i>Description</i>	As of December 31, 2022				
	Assets Measured At Fair Value	Fair Value Hierarchy Level			
		Level 1	Level 2	Level 3	
Money market funds	\$ 69,092	\$ 69,092	\$ -	\$ -	
Mutual funds					
Government bonds	495,278	495,278	-	-	
Corporate bonds	255,620	255,620	-	-	
Total mutual funds	819,990	819,990	-	-	
	\$ 819,990	\$ 819,990	\$ -	\$ -	

<i>Description</i>	As of December 31, 2021				
	Assets Measured At Fair Value	Fair Value Hierarchy Level			
		Level 1	Level 2	Level 3	
Money market funds	\$ 63,298	\$ 63,298	\$ -	\$ -	
Mutual funds					
Government bonds	502,088	502,088	-	-	
Corporate bonds	298,105	298,105	-	-	
Total mutual funds	800,193	800,193	-	-	
	\$ 863,491	\$ 863,491	\$ -	\$ -	

6. Subsequent Events

APASI has evaluated subsequent events through July 7, 2023, which is the date the consolidated financial statements were available to be issued. Except for the subsequent event disclosed below, there were no events noted that required adjustments to, or disclosure in, these consolidated financial statements.

On January 1, 2023, APASI purchased the PsycCareers job board website from APA for \$195,020, which includes the content of the website and registered service mark. APASI will amortize the acquired asset as an intangible asset over a period commensurate with the useful life.

Supplementary Information



Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report on Supplementary Information

Board of Directors
APA Services, Inc.
Washington, D.C.

Our audits of the consolidated financial statements of APA Services, Inc. included in the preceding section of this report was conducted for the purpose of forming an opinion on those consolidated statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

BDO USA, P.A.

July 6, 2023

BDO USA, P.A., a Delaware professional service corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

APA Services, Inc.

Consolidating Schedule of Financial Position

<i>December 31, 2022</i>	APASI	EdAT	PAC	Total
Assets				
Cash and cash equivalents	\$ 3,603,950	\$ -	\$ 175,146	\$ 3,779,096
Investments	819,990	-	-	819,990
Accounts receivable	190,136	-	-	190,136
Prepaid expenses	20,612	-	-	20,612
Total assets	\$ 4,634,688	\$ -	\$ 175,146	\$ 4,809,834
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 124,712	\$ -	\$ -	\$ 124,712
Due to APA/Divisions	291,122	-	-	291,122
Deferred revenue	3,429,247	-	-	3,429,247
Total liabilities	3,845,081	-	-	3,845,081
Net assets				
Without donor restrictions	732,841	-	-	732,841
With donor restrictions	56,766	-	175,146	231,912
Total net assets	789,607	-	175,146	964,753
Total liabilities and net assets	\$ 4,634,688	\$ -	\$ 175,146	\$ 4,809,834

See independent auditor's report on supplementary information.

APA Services, Inc.

Consolidating Schedule of Entities' Activities

<i>Year Ended December 31, 2022</i>	APASI	EdAT	PAC	Total
Revenues				
Membership dues	\$ 5,072,354	\$ -	\$ -	\$ 5,072,354
Certification and other revenue	465,273	-	-	465,273
Contributions and sponsorships	77,914	-	97,567	175,481
Total revenues	5,615,541	-	97,567	5,713,108
Expenses				
Salaries and overhead	3,561,271	-	-	3,561,271
Consulting and contractual services	1,121,335	-	-	1,121,335
Professional practice grants and initiatives	351,562	-	112,490	464,052
Board, committee and other meeting expenses	63,440	-	-	63,440
Printing, postage and office expenses	24,385	-	-	24,385
Finance expenses	198,364	-	-	198,364
Other expenses	53,324	-	-	53,324
Insurance	35,730	-	-	35,730
Travel	16,984	-	-	16,984
Advertising	55,128	-	-	55,128
Total expenses	5,481,523	-	112,490	5,594,013
Changes in net assets before other income	134,018	-	(14,923)	119,095
Other (loss) income				
Investment return, net	(35,657)	-	-	(35,657)
Changes in net assets	98,361	-	(14,923)	83,438
Net assets at the beginning of the year	691,246	-	190,069	881,315
Net assets at the end of the year	\$ 789,607	\$ -	\$ 175,146	\$ 964,753

See independent auditor's report on supplementary information.