

Treasurer's Report

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TREASURER'S REPORT APSA COUNCIL MEETING: MAY 28, 2024

APSA'S 2024 FINANCIAL OPERATIONS OVERVIEW

The purpose of this report is to inform APSA's membership about the Association's financial health for the 2023 fiscal year. This report provides a brief overview and assessment of APSA's assets and current financial operations. APSA's December 31, 2022, final audit report is available upon request from APSA's office. The December 31, 2023, audit will begin in June and should be completed by late July 2024. Tax preparation of APSA's Annual IRS Form 990 and 990-T is expected to begin immediately thereafter; with an expected filing in mid-August 2024.

APSA has successfully weathered the pandemic and remains in a sound financial position with ample resources for current and future operations. The combined Fair Market Value of APSA's Investments as of December 31, 2023, was \$50.63 million, up from \$43.48 million on December 31, 2022, due entirely to very favorable equity and bond market conditions that were experienced in the fourth quarter of 2023 and which have continued into 2024. For the year ended December 31, 2023, the Dow Jones, S&P 500 and NASDAQ indices were up 13.7%, 24.2% and 43.4%, respectively. The fixed income market also performed well in 2023 with the Bloomberg Aggregate Bond Index returning 5.5% for the year. Such strong equity and fixed income market returns helped APSA recoup much of the market losses experienced in 2022.

APSA's balance sheet remains strong as indicated by the current low debt to equity ratio of 5.73%. As of December 31, 2023, total assets were \$55.64 million; however, this remains unaudited at this time. This total asset balance is comprised primarily of \$24.93 million from the Trust & Development Investment Fund and \$25.7 million from the Congressional Fellowship Program Investment Fund. Overall liabilities remained comparatively low at \$3.19 million, with Deferred income and the Mortgage Payable to Bank of America making up 60% of APSA's year-end liabilities. The Mortgage Payable to Bank of America will be fully repaid in July 2024.

For the recently ended fiscal year (December 31, 2023), operating revenues totaled \$9.3 million including \$1.6 million drawn from APSA's investments. After consideration of the 2023 funds drawn from investments, the change in net assets was essentially flat before consideration of investment fund unrealized and realized gains of \$8.33 million. APSA's primary operating revenue sources are membership dues, annual meeting revenues, journals/publications, and grant/contract income. It is APSA's policy to draw annually up to 4.5% from the Trust &

Development Fund and up to 5.5% of the Congressional Fellowship Program to cover related programmatic spending.

APSA continues to seek leaner and more effective operations, leveraging technology wherever possible. During Summer/Fall 2023, APSA conducted a comprehensive review of its fringe benefits plans with its outside broker and consolidated its current offerings through CareFirst, rather than pursuing other possibilities such as Professional Employer Organization (PEO) or through use of other insurance brokers. Earlier this month, APSA staff migrated to a new merchant credit card acceptance vendor, which is expected to result in much lower credit card acceptance and processing fees for this and future years. All significant expense lines are and will continue to be reviewed for options which are in APSA's best financial interest.

APSA INVESTMENTS AND NET ASSETS AT DECEMBER 31, 2023

APSA's investment balances totaled nearly \$50.63 million at year-end 2023, excluding the net worth of two properties at 1527 New Hampshire Avenue, NW and 1528 M Street, NW in Washington, DC. As of the time of this letter, I can report that both properties are now fully occupied by APSA staff or outside tenants. Below is a summary of Vanguard and Fidelity Investment holdings at December 31 compared to APSA's Investment policy:

T&D and CFP Investments	2023	2022	IPS Target
Domestic Equities	65.1%	63.8%	65%
International Equities	19.6%	19.5%	20%
Fixed Income	14.5%	15.3%	15%
Cash	0.8%	1.4%	0%

APSA ended December 31, 2023 with a combined \$55.64 million (pre-audit) in total net assets. Of this net worth, \$5 million is permanently restricted (MCI Congressional Fellowship Fund) with \$25 million Temporarily Restricted and the remaining \$22.32 million Unrestricted and Board Designated.

LOOKING FORWARD TO 2024

During 2024, APSA's Investments have benefited from improved equity market conditions as rising interest rates have ceased; yet inflation worries and a strong labor market continue to hamper cuts in federal interest rates, allowing the combined APSA investments to rise to \$54.38 million as of March 31, 2024. This represents a 7.4% net gain over December 31, 2023 balances in just three months. The Dow Jones, S&P 500 and Nasdaq indices have all gained 5.6%; 10.2% and 9.1% as of March 31,

2024; respectively.

APSA staff continue to be physically in the office two days a week since July 2022 and hybrid for the remainder of the week. APSA's 2024 Annual Budget is again estimated for essentially no profit or loss for the year. We are also pleased to announce that all idle space in both buildings which APSA owns is now 100% occupied at current market rates, which is expected to provide more than \$280,000 in tenant rental income for 2024 and beyond.

SUMMARY

Overall, APSA remains in a very strong financial position with ample resources for continued operations. Members with questions about APSA finances should contact Stephen Stoupa, Director of Finance and Administration at sstoupa@apsanet.org or Steven Rathgeb Smith, Executive Director at smithsr@apsanet.org. ■

BOOKS BY OUR MEMBERS

Building Bridges in Toxic Political Times: A Road Map for Community Leaders

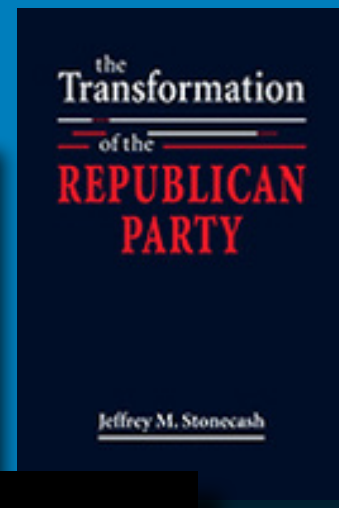
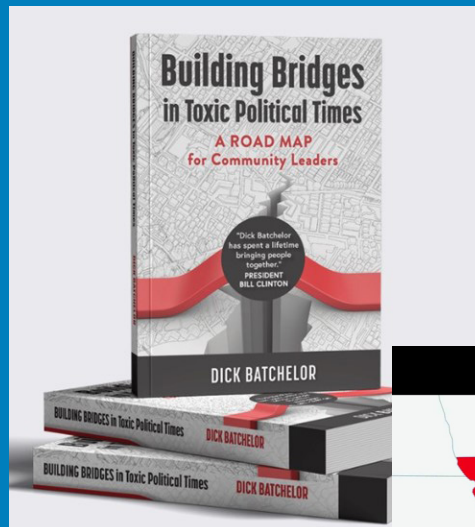
Dick Batchelor

Dbmg Publishing

The Transformation of the Republican Party

Jeffrey M. Stonecash

Lynne Rienner Publishers



Missouri Politics: Government in the Show-Me State

Elizabeth Dorssom

Kendall Hunt Publishing Company

