

Treasurer's Report

DAVID LUBLIN | TREASURER

TREASURER'S REPORT APSA COUNCIL MEETING: AUGUST 30, 2023

OVERVIEW

The purpose of this report is to inform APSA's membership about the Association's financial health for the 2022 fiscal year. This report provides a brief overview and assessment of APSA's assets and current financial operations. APSA's December 31, 2021, final audit report is available upon request from APSA's office. The December 31, 2022, audit is currently ongoing but should be completed by mid-September.

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, 2022, was \$43.45 million, down from \$56.4 million on December 31, 2021, due entirely to poor equity and bond market conditions that prevailed in 2022. For the year ended December 31, 2022, the Dow Jones, S&P 500 and NASDAQ indices were down 5.8%, 19.4% and 33.1%, respectively.

APSA's balance sheet remains strong as indicated by the low debt to equity ratio of 6.7%. As of December 31, 2022, total assets were \$48.52 million. This total asset balance is comprised primarily of \$21.45 million from the Trust & Development Investment Fund and \$22 million from the Congressional Fellowship Program Investment Fund. Overall liabilities remained comparatively low at \$3.03 million, with Deferred income and the Mortgage Payable to Bank of America making up 72% of APSA's year-end liabilities. The Mortgage Payable to Bank of America will be repaid in July 2024.

For the recently ended fiscal year (December 31, 2022), operating revenues totaled \$9.94 million including \$1.98 million drawn from APSA's investments. After consideration of the 2022 funds drawn from investments, the change in net assets was essentially zero before consideration of investment fund unrealized and realized losses of \$11.35 million. APSA's primary operating revenue sources are membership dues, annual meeting revenues, journals/publication and grant 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. This past Spring, we conducted a comprehensive review of APSA's fringe benefits plans and found that its current offerings could not be found at better rates through other possibilities such as Professional Employer Organization (PEO) or through other brokers. All sig-

nificant expense lines are and will continue to be reviewed for options which are in APSA's best financial interest such as banking, merchant processing and Information Technology vendors. APSA's 2023 Annual Budget is again estimated for essentially no profit or loss for the year.

APSA INVESTMENTS AND NET ASSETS AT DECEMBER 31, 2022

APSA's investment balances totaled nearly \$43.45 million at year-end 2022, excluding the net worth of two properties at 1527 New Hampshire Avenue, NW and 1528 M Street, NW in Washington, DC. Below is a summary of Vanguard Investment holdings at December 31 compared to APSA's Investment policy:

T&D and CFP Investments	2022	2021	IPS Target
Domestic Equities	63.84%	66.51%	65%
International Equities	19.54%	18.45%	20%
Fixed Income	15.27%	14.09%	15%
Cash	1.35%	0.95%	0%

APSA ended December 31, 2022 with a combined \$45.48 million in total net assets. Of this net worth, \$5 million is permanently restricted (MCI Congressional Fellowship Fund) with \$24.55 million Temporarily Restricted and the remaining \$15.93 million Unrestricted and Board Designated.

During 2023, APSA's Investments have benefited from an improved equity market condition as fears of rising interest rates and inflation worries have abated a bit recently, allowing the combined APSA investments to rise to \$48.63 million as of June 30, 2023. This represents a 13.3% gain over December 31, 2022 balances. The Dow Jones, S&P 500 and Nasdaq indices have all gained 7.3%; 16.9% and 30.5% as of June 30, 2023, respectively.

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 stoupa@apsanet.org or Steven Rathgeb Smith, Executive Director at smithsr@apsanet.org. ■