American Psychological Association
and Subsidiaries

Audited Consolidated Financial Statements

YEARS ENDED DECEMBER 31, 2022 AND 2021

AMERICAN
PSYCHOLOGICAL
ASSOCIATION

American Psychological Association and Subsidiaries

Audited Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Contents

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Independent Auditor's Report

Board of Directors
American Psychological Association and Subsidiaries
Washington, D.C.

Opinion

We have audited the consolidated financial statements of the American Psychological Association and its subsidiaries (collectively, referred to as "the Association"), 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 the American Psychological Association and its subsidiaries 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 the Association 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 the Association'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 the Association'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 the Association'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

American Psychological Association, Inc. and Subsidiaries

Consolidated Statements of Financial Position

December 31,		2022		2021
Assets				
Current assets				
Cash and cash equivalents	$	**32,548,488**	$	31,995,700
Cash and cash equivalents - divisions		**12,656,689**		12,100,259
Investments - divisions		**4,066,557**		5,175,235
Accounts receivable		**15,085,759**		22,404,085
Publications inventory		**3,641,504**		3,492,180
Other current assets		**4,348,338**		5,250,499
Total current assets		**72,347,335**		80,417,958
Investments		**75,998,210**		96,226,893
Property and equipment, net		**72,711,905**		74,940,945
Deferred leasing costs, net		**5,108,826**		5,782,363
Rental abatements		**14,930,960**		14,533,801
Restricted cash		**17,538,016**		17,516,112
Other assets		**5,076,881**		5,842,009
Total assets	$	**263,712,133**	$	295,260,081
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$	**25,323,575**	$	21,456,554
Current portion of long-term debt		**4,792,580**		4,624,312
Amounts collected/held for divisions and other groups		**16,515,840**		17,266,657
Deferred revenue		**46,703,615**		55,137,712
Total current liabilities		**93,335,610**		98,485,235
Post-retirement medical benefit obligation		**1,091,588**		1,619,037
Deferred compensation		**5,380,832**		6,273,070
Long-term debt, net		**115,015,546**		119,627,142
Total liabilities		**214,823,576**		226,004,484
Net assets				
Without donor restrictions				
Board-designated		**26,082,864**		34,804,830
Undesignated		**22,805,693**		34,450,767
Total net assets		**48,888,557**		69,255,597
Total liabilities and net assets	$	**263,712,133**	$	295,260,081

See accompanying notes to the consolidated financial statements.

American Psychological Association, Inc. and Subsidiaries

Consolidated Statements of Activities and Change in Net Assets

Years Ended December 31,	**2022**	2021
Revenues		
Licensing, royalties and rights	**$ 87,727,237**	$ 85,399,529
Publications and journal subscriptions	**21,652,675**	26,393,424
Member dues and fees	**8,822,811**	8,592,138
Service and application fees	**4,768,578**	4,775,362
Grants and contracts	**4,611,160**	3,640,512
Advertising and other revenue	**3,839,423**	3,513,435
Conference fees	**2,826,336**	1,485,967
Total revenues	**134,248,220**	133,800,367
Expenses		
Program services		
Publication programs	**49,928,479**	46,176,620
Outreach programs	**38,841,596**	36,166,178
Education programs	**8,674,891**	7,729,145
Policy and research programs	**9,423,495**	6,624,886
Total program services	**106,868,461**	96,696,829
Support services		
Management and general	**23,068,402**	22,939,859
Member recruitment and engagement	**2,579,619**	2,432,779
Fundraising	**334,856**	291,364
Total support services	**25,982,877**	25,664,002
Total expenses	**132,851,338**	**122,360,831**
Increase in net assets before other income	**1,396,882**	11,439,536
Other (expense) income		
Investment return, net	**(17,083,869)**	13,335,693
Rental income from buildings	**17,227,160**	16,772,653
Cost of building operations	**(16,837,867)**	(16,479,464)
Interest expense	**(4,566,326)**	(4,735,205)
Provision for income taxes	**(503,020)**	(442,804)
Total other (expense) income	**(21,763,922)**	8,450,873
Change in net assets	**(20,367,040)**	19,890,409
Net assets, beginning of the year	**69,255,597**	49,365,188
Net assets, end of the year	**$ 48,888,557**	$ 69,255,597

See accompanying notes to the consolidated financial statements.

American Psychological Association, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022	Salaries and employee benefits	Conference and other meeting expenses	Publication production expenses	Professional fees and marketing costs	Honoraria, grants and stipends	Office business, depreciation, and expense recoveries	Total
Program services							
Publication programs	$ 21,770,692	$ 237,690	$ 16,836,606	$ 3,607,400	$ 2,800,191	$ 4,675,900	$ 49,928,479
Education programs	5,993,348	710,554	15,262	159,074	150,493	1,646,160	8,674,891
Policy and research programs	8,752,194	215,699	-	1,554,915	275,762	(1,375,075)	9,423,495
Outreach programs	26,107,736	3,839,002	734,982	4,131,491	3,142,779	885,606	38,841,596
Total program services	62,623,970	5,002,945	17,586,850	9,452,880	6,369,225	5,832,591	106,868,461
Support services							
Fundraising	21,662	23,755	-	142,213	112,490	34,736	334,856
Member recruitment and engagement	1,569,849	18,013	-	418,018	-	573,739	2,579,619
Management and general	13,799,005	108,180	-	3,924,999	10,500	5,225,718	23,068,402
Total support services	15,390,516	149,948	-	4,485,230	122,990	5,834,193	25,982,877
Total operating expenses	78,014,486	5,152,893	17,586,850	13,938,110	6,492,215	11,666,784	132,851,338
Interest expense	-	-	-	-	-	4,566,326	4,566,326
Cost of buildings operations	-	-	-	-	-	16,837,867	16,837,867
Total expenses	$ 78,014,486	$ 5,152,893	$ 17,586,850	$ 13,938,110	$ 6,492,215	$ 33,070,977	$ 154,255,531

See accompanying notes to the consolidated financial statements.

American Psychological Association, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021	Salaries and employee benefits	Conference and other meeting expenses	Publication production expenses	Professional fees and marketing costs	Honoraria, grants and stipends	Office business, depreciation, and expense recoveries	Total
Program services							
Publication programs	$ 20,635,435	$ 53,322	$ 15,672,819	$ 3,062,000	$ 2,825,532	$ 3,927,512	$ 46,176,620
Education programs	5,875,392	145,035	37,366	109,552	145,407	1,416,393	7,729,145
Policy and research programs	7,087,270	65,212	-	851,680	201,020	(1,580,296)	6,624,886
Outreach programs	25,953,090	1,169,716	1,510,648	3,604,099	3,227,466	701,159	36,166,178
Total program services	59,551,187	1,433,285	17,220,833	7,627,331	6,399,425	4,464,768	96,696,829
Support services							
Fundraising	24,434	22,951	-	157,169	53,335	33,475	291,364
Member recruitment and engagement	1,452,546	45,497	-	398,751	-	535,985	2,432,779
Management and general	13,590,443	18,376	-	3,761,572	10,500	5,558,968	22,939,859
Total support services	15,067,423	86,824	-	4,317,492	63,835	6,128,428	25,664,002
Total operating expenses	74,618,610	1,520,109	17,220,833	11,944,823	6,463,260	10,593,196	122,360,831
Interest expense	-	-	-	-	-	4,735,205	4,735,205
Cost of buildings operations	-	-	-	-	-	16,479,464	16,479,464
Total expenses	$ 74,618,610	$ 1,520,109	$ 17,220,833	$ 11,944,823	$ 6,463,260	$ 31,807,865	$ 143,575,500

See accompanying notes to the consolidated financial statements.

American Psychological Association, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (20,367,040)**	$ 19,890,409
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	**9,429,300**	8,889,608
Loss on disposal of property and equipment	**-**	10,446
Net realized and unrealized loss /(gains) on investments	**18,637,629**	(11,959,177)
Interest on deferred financing costs	**180,984**	187,021
Changes in operating assets and liabilities:		
Accounts receivable	**7,318,326**	4,476,821
Publications inventory	**(149,324)**	140,503
Other current assets	**902,161**	(1,847,947)
Rental abatements	**(397,159)**	(2,403,339)
Deferred leasing costs	**(364,496)**	(1,211,277)
Other assets	**765,128**	(7,173)
Accounts payable and accrued expenses	**3,867,021**	1,554,665
Amounts collected/held for divisions and other groups	**(750,817)**	2,624,065
Deferred revenue	**(8,434,097)**	(150,144)
Post-retirement medical benefit obligation	**(527,449)**	61,067
Deferred compensation	**(892,238)**	993,129
Total adjustments	**29,584,969**	1,358,268
Net cash provided by operating activities	**9,217,929**	21,248,677
Cash flows from investing activities:		
Net increase in money market instruments held in investments	**(587,338)**	1,074,457
Purchases of investments	**(20,552,000)**	(42,443,833)
Proceeds from sales and maturities of investments	**23,839,070**	40,933,722
Purchases of property and equipment	**(6,162,227)**	(5,303,351)
Net cash used in investing activities	**(3,462,495)**	(5,739,005)
Cash flows from financing activity:		
Principal payments under long-term debt	**(4,624,312)**	(4,381,308)
Net cash used in financing activity	**(4,624,312)**	(4,381,308)
Net increase in cash and cash equivalents, cash and cash equivalents, divisions, and restricted cash	**1,131,122**	11,128,364
Cash and cash equivalents, cash and cash equivalents, divisions, and restricted cash, beginning of the year	**61,612,071**	50,483,707
Cash and cash equivalents, cash and cash equivalents - divisions and restricted cash, end of the year	**$ 62,743,193**	$ 61,612,071
Reconciliation of cash and cash equivalents, cash and cash equivalents - divisions and restricted cash to statements of financial position:		
Cash and cash equivalents	**$ 32,548,488**	$ 31,995,700
Cash and cash equivalents - divisions	**12,656,689**	12,100,259
Restricted cash	**17,538,016**	17,516,112
Cash and cash equivalents, cash and cash equivalents - divisions, and restriced cash, end of the year	**$ 62,743,193**	$ 61,612,071
Supplemental disclosures of cash flow information:		
Cash paid for interest	**$ 4,399,136**	$ 4,558,708
Cash paid for income taxes	**$ 537,478**	$ 450,335

See accompanying notes to the consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

The American Psychological Association (APA), a District of Columbia not-for-profit corporation, is a national membership organization created to advance psychology as a science and profession and as a means of promoting health, education and human welfare. APA's operations are supported primarily by membership dues, subscriptions, and publication revenue.

In addition to the accounts of APA, the consolidated financial statements include the accounts of the following entities:

APA Services, Inc.

APA Services, Inc. (APASI) is a District of Columbia nonprofit corporation that was created by APA to promote the mutual professional interests of practicing psychologists and focuses on advocating for the entire discipline and profession of psychology. APASI fully commenced expanded operations on January 1, 2019.

APASI's membership consists of all members of APA that are in good standing. The Council has approved the 2021 and 2022 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.

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.

The APASI Political Action Committee (the 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.

APA 750 LLC and Subsidiary

APA 750 LLC (APA 750) was formed on November 13, 2002 under the laws of the State of Delaware. APA is the sole member of APA 750. APA 750 was formed to own and operate a commercial office building containing approximately 370,000 square feet in Washington, D.C.

APA 750 created a subsidiary named Conference Center LLC (CCLLC or Spire) which was formed on July 28, 2014, under the laws of the State of Delaware. The purpose of CCLLC is to lease space from APA 750 for a conference center facility on the top floor of the building located at 750 First Street, as well as to manage the rental of the conference center to tenants and outside third parties. APA 750 is the sole member of CCLLC.

APA Ten G LLC

APA Ten G LLC (APA Ten G) was formed on November 12, 2002, under the laws of the State of Delaware. APA Ten G is 100% owned by APA. APA Ten G was formed to own and operate a commercial office building containing approximately 263,700 square feet in Washington, D.C.

Principles of Consolidation

All interorganizational transactions, which consist primarily of contracted services, rent, and interorganizational borrowings and advances, are eliminated in consolidation.

The significant accounting policies followed by APA and its consolidated subsidiaries (collectively referred to as "the Association") are described below.

Basis of Accounting

The consolidated financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, upon settlement, actual results could differ from those estimates.

Measure of Operations

APA's income includes all licensing, royalties and rights; publications and journal subscriptions; member dues and fees; conference and accreditation fees; grants and contracts; and advertising and other revenues and expenses critical to APA's mission. Investment return, net, interest expense related to long-term debt, provisions for income taxes, income and costs from building operations, and certain other non-recurring transactions are considered to be other income (expense).

Cash Equivalents

APA considers investments with original maturities of three months or less to be cash equivalents and excludes cash equivalents held temporarily for long-term investment purposes by investment custodians. Cash equivalents consist primarily of commercial paper and money market funds.

Restricted Cash

Amounts included in restricted cash represent funds set aside from the proceeds of a loan for the payment of tenant improvements, leasing commissions, and other lease-related costs for the future renewal or replacement of a large existing tenant lease. The funds are held in an interest-bearing escrow account by the lender, and all risk of loss with respect to the principal amount is at the sole risk of APA Ten G (see Note 6).

Accounts Receivable

Accounts receivable consists of amounts billed to customers for goods and services provided by year-end. Licensing receivables for annual licenses of electronic products for which the service period has commenced represent approximately 49% and 81% of the receivable balance at December 31, 2022 and 2021 respectively. APA provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. APA has determined that no allowance is necessary for 2022 or 2021.

Publications Inventory

Inventory consists primarily of books available for sale. APA records inventory at lower of cost, at the time of purchase or net realizable value. Annually, inventory value is reviewed and items with net realizable value less than cost are written off.

Property and Equipment

The Association's policy is to capitalize property and equipment purchases in excess of $25,000. Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Buildings and improvements are amortized from the dates that the related buildings and improvements were substantially completed using the straight-line method over estimated useful lives not to exceed forty years. Tenant improvements are amortized over the term of the tenants' leases. Furniture, fixtures, and equipment are depreciated on a straight-line basis over their estimated useful lives, which range from three to ten years. Land is not depreciated or amortized.

Investments

Investments in equity securities, 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 change 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 income (expense) in the accompanying consolidated statements of activities and change in net assets.

Valuation of Long-Lived Assets

The Association provides for the valuation of long-lived assets and reviews for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable.

Recoverability of the long-lived assets is measured by a comparison of their carrying amounts to future undiscounted net cash flows they are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which their carrying amounts exceed their estimated fair values.

Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the years ended December 31, 2022 and 2021.

When assets are sold or retired, the related cost and accumulated amortization and depreciation are removed. Any gains or losses resulting from disposition are credited or charged to operations. Expenditures for repairs and maintenance are expensed as incurred.

Deferred Leasing Costs

Deferred leasing costs consist of commissions, fees and costs incurred in the successful negotiation of leases and are deferred and amortized on the straight-line basis over the terms of the respective leases. Deferred leasing costs of $5,108,826 and $5,782,363 are shown net of accumulated amortization of $15,865,877 and $14,827,844 as of December 31, 2022 and 2021, respectively. Amortization expense for the years ended December 31, 2022 and 2021 was $1,038,033 and $995,869, respectively.

Deferred Financing Costs

Deferred financing costs consist of fees and costs incurred to obtain long-term financing and are amortized over the term of the related financing agreement using the effective interest method. The amortization of these costs is included in interest expense in the accompanying consolidated statements of activities and change in net assets. Deferred financing costs are netted with the long-term debt balance in the accompanying consolidated statements of financial position. Deferred financing costs of $1,974,879 and $2,155,863 are recorded net of accumulated amortization of $598,996 and $418,012 at December 31, 2022 and 2021, respectively. Interest expense was $180,984 and $187,021 at December 31, 2022 and 2021, respectively.

Net Assets

All of APA's net assets are without donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor or grantor-imposed restrictions. These net assets also include board-designated net assets.

Net Assets Without Donor Restriction - Undesignated

APA's and APASI's net assets are classified as without donor restrictions and result from revenues derived from providing goods and services, less expenses incurred in providing goods and services, and performing administrative functions.

Net Assets Without Donor Restriction - Board-designated

Net assets without donor restrictions - board-designated net assets consist of the following at December 31:

	2022	2021
Strategic Investment	**$ 14,151,197**	$ 20,928,858
750 Debt Reserve	**6,099,920**	7,517,787
APAIT Business Agreement	**2,307,576**	2,307,576
Accreditation Stabilization	**2,085,047**	1,891,923
Investment in APA Plan 2.0	**1,439,124**	2,158,686
	$ 26,082,864	$ 34,804,830

The strategic investment fund is to provide support for transformational changes in the Association over the next five years. The 750 debt reserve fund is to provide a reserve fund for possible long-term cash shortfalls for APA and APA 750 LLC. The American Psychological Association Insurance Trust (APAIT) business agreement was established in 2013 to set aside the revenue received consistent with an agreement with the APAIT for future expenditures as determined by the Board of Directors. The accreditation stabilization designation was established to moderate fees charged for accreditation over time. The investment in APA 2.0 was established in 2014 to expand APA's family of products.

Functional Expenses

The Association is a national membership organization created to advance psychology as a science and profession and as a means of promoting health, education, and human welfare. APASI promotes and advocates on behalf of the discipline of psychology and the professions of psychologists in scientific, educational, public interest, health service practice and applied practice settings. The Association's expenses related to providing these program services are categorized as follows:

- The publication program services relate to the Association's Publishing Office. This office reflects the field of psychology by publishing current psychological knowledge in both print and electronic formats. These products — written for researchers, therapists, students, academics, related professionals, and the general public — include scholarly journals and books, trade and reference books, children's books, research databases, and psychotherapy training videos.

- The education program services relate primarily to the Association's Education Directorate. This directorate seeks to advance education and training in psychology and the application of psychology to education and training by: enhancing the quality of teaching and learning outcomes at all levels; meeting the demands of the changing demographics in a multicultural society; and increasing the level and availability of financial and public policy support.

- The policy and research program services relate primarily to the Association's Science & Practice directorates. The Science directorate works to advance the discipline of psychological science and to represent and meet the needs of psychological scientists at all training and career stages. Its programs include science policy and government relations, research ethics, psychological testing and assessment, scientific awards, summer research training, and communications with the scientific community and general public. The Practice directorate promotes the practice of psychology and the accessibility and availability of mental and behavioral health services through legislative, regulatory and judicial advocacy, public education and outreach, and research. The Practice Directorate helps develop policies and guidelines for the delivery of psychological services as well as educational material for psychologists and the public.

- The outreach program services relate primarily to the Association's Membership Office and Public Interest directorates. The Membership Office is focused on making membership in APA even more valuable and enjoyable. This office supports the efforts to attract and acquire new members, while also retaining and engaging the current members. This office commits energy and resources to strengthen the ties between APA and its 56 Membership Divisions. The Public Interest directorate applies the science and practice of psychology to the fundamental problems of human welfare and social justice. Through education, training and public policy, we: promote equitable and just treatment of all segments of society; encourage the advancement of equal opportunity; foster empowerment of those who do not share equitably in society's resources.

The costs of providing the Association'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 classification in the consolidated statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Certain categories of expenses are attributable to one or more program or supporting functions of the Association. Accordingly, certain management and general costs have been allocated among program services, fundraising and membership recruitment and engagement.

Expense	**Method of Allocation**
Depreciation and Amortization	Square footage
Space Allocation	Square footage
Benefit Allocation	Year-to-date salary and direct costs

Income Taxes

APA is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the IRC) and from District of Columbia franchise tax under applicable tax regulations, except for income from activities not related to its tax-exempt purpose, which primarily includes its share of income from APA Ten G and a portion of its income from APA 750. APA is not a private foundation under Section 509(a)(1) of the IRC.

APASI is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(6) of 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 business income during the years ended December 31, 2022 and 2021. The 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. The EdAT is not a separate entity but is part of APASI for the purposes of Section 501(c)(6) of the Internal Revenue Code. EdAT did not generate any taxable income for the years ended December 31, 2022 and 2021.

APA 750, APA Ten G and CCLLC are generally not subject to income taxes due to their tax status as disregarded entities. As such, the income, deductions, credits and other tax attributes of the LLCs flow directly to the sole member (i.e., APA).

APA recognizes tax liabilities when management's belief that tax return positions are supportable. APA 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. APA is generally 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 APA's tax positions and has concluded that APA has taken no material uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Fair Value of Financial Instruments

The fair value of the Association's cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued expenses, and other accrued liabilities approximate their carrying amounts due to the relatively short maturity of these items.

Concentrations of Credit Risk

The Association's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. The Association places its cash and investments in various financial institutions that are federally insured under the Federal Depository Insurance Corporation Act (FDIC) and Securities Investor Protection Corporation (SIPC). However, at various times, the aggregate balances may exceed federally insured limits. The Association has never experienced any losses on its cash and cash equivalents nor its investments to date related to these balances. The Association's cash and cash equivalents amounts in deposit in excess of federally insured limits at December 31, 2022 and 2021, approximate $29,600,000 and $30,700,000, respectively.

The Association's applicable investment aggregate balances were in excess of the SIPC insurance limits by approximately $75,500,000 and $95,700,000 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.

The Association's accounts receivable consists primarily of amounts due from various licensees and institutions of higher education. Historically, the Association has not experienced significant losses related to accounts receivable and, therefore, believes that the credit risk related to accounts receivable is minimal.

Post-Retirement Medical Benefit Plan

APA is required to fully recognize the overfunded or underfunded positions (the difference between the fair value of plan assets and the benefit obligation) of the postretirement medical benefit in the consolidated statements of financial position. The guidance also requires employers to recognize the actuarial gains and losses and the prior service costs and credits that arise during the period (See Note 5).

Recently Adopted Authoritative Guidance

In February 2016, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). Topic 842 establishes the principles that lessees and lessors shall report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease by increasing transparency and comparability by recognizing lease assets and lease liabilities on the statements of financial position. This standard has been subsequently updated by ASUs 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, 2019-10 and 2020-05 and along with several other clarifying ASUs, establishes a comprehensive leasing standard. Under these updates, real estate leases no longer require unique treatment and now follow the new standards guidelines. The new standard allows lessors to retain the same basic lessor accounting model and classify leases as sales-type, direct financing, or operating based on criteria similar to the previous standard. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard.

The Association elected to apply the provisions of Topic 842 on a modified retrospective basis as of the date of adoption, January 1, 2022. In connection with the adoption of this standard, the Association elected the package of practical expedients (the Practical Expedient Package), which permitted the Association not to reassess under the new standard conclusions made prior to January 1, 2022 about lease identification, lease classification, and lease accounting for leases properly accounted for under Topic 840, *Leases*.

Upon the adoption of Topic 842, the Association's lessor accounting remained similar, and all existing leases continued to be classified as operating leases. The adoption of this standard for the lessor is reflected and described in Note 8. The Association has no material lease arrangements in which it is the lessee and as such there is no material impact of the adoption of Topic 842 related to the lessee accounting.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This guidance is effective for the Association's fiscal year ending December 31, 2023. Management is currently evaluating this ASU to determine the impact, if any, on its consolidated financial statements and disclosures.

The Association has assessed other accounting pronouncements issued or effective during the year ended December 31, 2022 and deemed they were not applicable to the Association or are not anticipated to have a material effect on the consolidated financial statements.

2. Revenue Recognition

APA's significant revenue recognition policies are described below:

Contracts with Customers

APA recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration APA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, APA combines it with other performance obligations until a distinct bundle of goods or services exists. APA management expects that the period between when APA transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, APA has elected the practical expedient not to adjust the promised amount of consideration for the effect of a significant financing component. Amounts received in advance of services performed, but not yet earned, are held and recorded as deferred revenue, unless otherwise noted below. Invoices resulting from APA's contracts with customers are generally due within 30-90 days of the invoice date.

Licensing, Royalties, and Rights

Royalties – APA grants customers a license to use APA's copyrighted products in exchange for royalty payments. The copyrighted products represent functional intellectual property which has significant stand-alone functionality and there is no expectation that APA will undertake activities to change the functionality of the content during the license period. The contract with customers for copyrighted products is considered under specific licensing guidance and the right to use the intellectual property is satisfied at a point in time, either when the copyrighted product is transferred to the customer, or when the customer subsequently sells the copyrighted product in a sale-based royalty arrangement.

Licensing - APA grants customers a license to access APA's copyrighted electronic products in exchange for an agreed-upon fee. The copyrighted electronic products represent symbolic intellectual property which does not have significant stand-alone functionality as the usefulness of the electronic product to the customer is serviced with APA's on-going business activities to support and maintain the value of the electronic product. The right to access the intellectual property is satisfied over time as APA fulfills its promise to grant the customer the right to access the electronic product and as APA supports and maintains the platform through which the product is delivered. Certain of APA's licensing contracts are considered under the licensing guidance or considered software as a service "SaaS" agreement. This distinction is dependent on the platform on which the electronic product is delivered. A customer who purchased a licensed electronic product under a SaaS agreement is delivered on an APA-supported software platform called APAPsyc Net. For contracts considered under the licensing guidance, APA established business partnerships with other vendors who can deliver the licensed electronic product using their software platform. The revenue associated with these services is recognized over time using an output method that ultimately result in straight-line recognition over the entire access period.

The composition of licensing, royalties and rights revenues is as follows at December 31:

	2022	2021
Licensing	$ **86,606,681**	$ 84,139,093
Royalties and rights	**1,120,556**	1,260,436
Total licensing, royalties and rights	$ **87,727,237**	$ 85,399,529

Publications and Journal Subscriptions

Book publications - APA publishes and sells scholarly, trade, and reference books in exchange for a fixed transaction price. A customer may enter into a contract with APA to purchase book publications in bulk with the intent to resell. These customers receive a specified discount related to the bulk purchase. For customers that purchase directly from APA, the book retail price is fixed at the time of purchase. Control of the product is transferred from APA to the customers when the customers receive the ordered shipment. Therefore, revenue for all book publications is recognized at the point in time when the customers receive the shipment. Some of these contracts may include additional services, such as advertising services to promote APA products. These advertising costs are recorded in professional fees and marketing costs in the accompanying consolidated statements of functional expenses.

Journal subscriptions – APA publishes and sells scholarly psychological journals in the form of annual subscriptions in exchange for a fixed transaction price. The subscription pricing is fixed at the time of purchase. There are certain situations where a customer will receive a complimentary issue. Management determined the complimentary issue is immaterial to APA's consolidated financial statements. Therefore, APA has elected the practical expedient to not assess whether certain promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer. Control of the product is transferred from APA to its customers when each separate journal issue is made available to a customer. Therefore, revenue for publications and journal subscriptions is recognized at the point in time when the separate journal issues are made available.

The composition of publications and journal subscriptions is as follows at December 31:

	2022	2021
Journal subscriptions	$ **7,343,542**	$ 7,464,900
Book publications	**14,220,032**	18,771,311
Shipping charges	**89,101**	157,213
Total journal subscriptions and publications	$ **21,652,675**	$ 26,393,424

Member Dues and Fees

Amounts charged by APA 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 APA 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 APA's reporting period. Member dues and fees are reported in the accompanying consolidated statements of activities and change in net assets totaling $8,822,811 and $8,592,138 in 2022 and 2021, respectively.

Service and Application Fees

APA enters into arrangements with customers to provide certain services that provide reciprocal value to the customer. These services include customers seeking accreditation and continued education sponsor approval (CESA) from APA.

Universities and other organizations seek accreditation and sponsor approval from APA, which is considered the benchmark for measuring the quality of a university's psychology education program or other organizations continued education program for psychologists. APA's accreditation/sponsor process includes the review of the organization's or university's application, as well as a site visit to the university seeking accreditation to assess the quality of the psychology education program. The application process and the site visit are two distinct performance obligation within the contract. The revenue is recognized by the Association at the point in time when these two distinct performance obligations are satisfied which occurs when the application is submitted and when the site visit is complete.

In addition to the initial accreditation process, a customer typically renews their accreditation and sponsor approval status annually. While the accredited/sponsor period is one year, the university and other organization consumes all benefits at the time of approval of the renewal. Therefore, APA has concluded the performance obligation related to the maintenance of accreditation and sponsor approval status is satisfied when the invoice for the annual renewal fee is made available to the customer. Therefore, the revenue will be recognized at a point in time when the customer is invoiced.

The composition of service and application fees is as follows at December 31:

	2022	2021
Accreditation	**$ 4,467,363**	$ 4,295,658
CESA	**301,215**	479,704
Total service and application fees	**$ 4,768,578**	$ 4,775,362

Advertising and Other Revenue

APA offers a variety of monthly printed journals, digital newsletters, and job boards targeted to different audience segments. Organizations can advertise in any of these publications or digital products. APA recognizes revenue in an amount equal to the amount APA has the right to invoice when the advertisement appears in the publication or when the impressions on APA's website are delivered. APA has concluded 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 APA.

As part of APA's membership benefits, business partnerships may be formed to provide members the ability to purchase products and services from industry providers at a discount. In return for marketing the program to members, APA receives a royalty payment based on the total purchases of products or services by APA's members as defined in the contract. This variable element of consideration is recognized in the year the sales occur. Payment is typically received within a couple months after year end and is accrued for in the year the sale occurred.

The composition of advertising and other revenue is as follows at December 31:

		2022		2021
Advertising	**$**	**3,107,864**	$	2,945,563
Affinity program revenue		**254,673**		216,744
Contributions, see below		**301,622**		191,458
Other revenue		**175,264**		159,670
Total advertising and other revenue	**$**	**3,839,423**	$	3,513,435

Conference Fees

APA holds and sponsors events throughout the year, such as APA's annual convention, that require the purchase of registration fees or sponsorship proposals. Performance obligations are satisfied at the time of the conference, when the services are transferred.

For registration fees, discounts are offered to members as part of their membership and to others for early payment depending on the time of purchase. Refunds are allowed for registrations within 30 days before the convention. Refunds have not been significant based upon a historical analysis performed, and therefore, no refund liability has been recorded. Payment is primarily due at the time of purchase.

Event sponsorship and exhibitions includes revenue received from exhibit space and sponsorship related to APA's annual convention. Sponsors and exhibitors receive benefits such as complementary registrations, name recognition within certain APA publications, various degrees of advertising opportunities, and other benefits during the conference. The advertising opportunities are material rights and are recognized when the right is exercised or expires. There are several levels of sponsorship, and benefits vary by level of sponsorship for the APA conference. Refunds are not allowed for sponsorships and payment is due at the time of purchase. Based on the terms of the contract, exhibitors may receive a refund if the request for the refund is received, in writing, no later than three months before the start of the convention. Refunds are not significant based on a historical analysis performed. Therefore, no refund liability has been recorded. Payment is primarily due at the time of purchase.

The composition of conference fees is as follows at December 31:

		2022		2021
Conference fees	**$**	**2,826,336**	$	1,424,837
Sponsorships		**-**		61,130
Total conference fees	**$**	**2,826,336**	$	1,485,967

Revenue Accounted for as Contributions

Within the consolidated statements of activities and change in net assets, grants and contracts revenue consist of the following:

Grants and contracts

Grants awarded by federal agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes, and revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreements are met. APA recorded revenue from federal grants totaling $4,542,784 and $3,540,793 in 2022 and 2021, respectively. There were no outstanding performance obligations, unrecognized funds, or unspent federal funds at December 31, 2022 and 2021.

At December 31, 2022 and 2021, APA had remaining available award balances on the federal grants and contracts of $6,506,445 and $7,123,235, respectively. These award balances are not recognized as assets and will be recognized as revenue as the project progress and conditions are met, generally as expenses are incurred. APA has awarded conditional grants to subrecipients related to performance of federal sponsored projects, which have outstanding commitments of up to $522,451 and $42,315, as of December 31, 2022 and 2021, respectively.

Rental Income from Buildings

Certain tenant leases contain rental abatement provisions and rental rate escalation clauses. The aggregate rent payments due over the lives of the leases are recognized as rental revenue on a straight-line basis over the full term of the leases. The differences between cash rental revenues received and rental revenues due from tenants over the lives of the leases using a straight-line calculation are recorded as rental abatements with a corresponding offset to current period rental revenue. As of December 31, 2022 and 2021, rental abatements total $14,930,960 and $14,533,801, respectively, and are reported in the accompanying consolidated statements of financial position. Rental income from buildings is reported in the accompanying consolidated statements of activities and change in net assets totaling $17,227,160 and $16,772,653 in 2022 and 2021, respectively.

3. Liquidity and Availability of Resources

The following represents the Association's financial assets available within one year of the consolidated statements of financial position date for general expenditures:

December 31,		**2022**		2021
Financial assets available for general use at year-end:				
Cash and cash equivalents	$	**32,548,488**	$	31,995,700
Accounts receivable		**15,085,759**		22,404,085
Investments		**75,998,210**		96,226,893
Less: financial assets not available for general expenditures within one year - Board-designated net assets		**(26,082,864)**		(34,804,830)
Financial assets available to meet cash needs for general expenditures within one year	$	**97,549,593**	$	115,821,848

All APA investments can be liquidated immediately upon management's request. The APA board designated a certain amount of the investment portfolio to be set aside for board approved projects and initiatives. All APASI investments can be liquidated immediately upon management's request. The APASI board designated a certain amount of the investment portfolio to be set aside set aside for board approved projects and initiatives.

APA did not consider cash and cash equivalents and investments related to divisions as those are not considered to be available for general expenditure. See Note 7 for more information related to related party transactions. To further supplement liquidity, the Association has a $20,000,000 loan management account with a bank, which it can draw upon if conditions dictate. See Note 6.

4. Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Land	**$ 9,705,321**	$ 9,705,321
Buildings and improvements	**18,539,303**	20,338,818
Buildings and improvements–leased out to tenants (Note 8)	**131,027,091**	125,277,477
Furniture, fixtures and equipment	**36,353,191**	34,141,063
	195,624,906	189,462,679
Less: accumulated depreciation and amortization	**(122,913,001)**	(114,521,734)
Property and equipment, net	**$ 72,711,905**	$ 74,940,945

Depreciation and amortization expense on property and equipment totaled $8,391,267 and $7,893,739 for the years ended December 31, 2022 and 2021, respectively.

5. Benefit Plans

401(k) Plan

APA provides a defined contribution retirement plan (the Plan) that is a savings plan operating under Section 401(k) of the IRC for all employees who are over the age of 21. The purpose of the Plan is to provide retirement benefits for participating employees. Under the Plan, APA makes contributions to an insurance company based on a percentage of the payroll of covered employees. The contributions, together with voluntary employee contributions, are used to purchase annuities and other investments, the rights to which immediately vest with the employees. APA recorded contributions to the Plan of $3,313,613 and $3,158,244 for the years ended December 31, 2022 and 2021, respectively.

Post-Retirement Medical Benefit Plan

In 2004, APA established a post-retirement medical benefit plan for employees with 15 years of service who retire at or after age 59 1/2. Spouses are eligible for coverage when the retiree obtains coverage. Retiree and spouse coverage ends when each becomes eligible for Medicare. Effective January 1, 2007, the post-retirement medical benefit was modified to close this benefit to employees who were not hired prior to January 1, 2008.

APA's post-retirement medical benefit obligation was $1,091,588 and $1,619,037 as of December 31, 2022 and 2021, respectively. These amounts are reflected as a non-current liability in the accompanying consolidated statements of financial position.

The following table presents the change in post-retirement medical benefit obligation in the consolidated statements of financial position for the years ended December 31:

	2022	2021
Changes in benefit obligations		
Benefit obligations at the beginning of the year	**$ 1,619,037**	$ 1,557,970
Service cost	**42,523**	51,128
Interest cost	**44,168**	37,850
Actuarial (gain) loss	**(502,501)**	46,568
Benefits paid	**(111,639)**	(74,479)
	$ 1,091,588	$ 1,619,037

The post-retirement medical benefit cost is included in salaries and employee benefits expense in the accompanying consolidated statements of functional expenses and is comprised of the following for the years ended December 31:

	2022	2021
Service cost	**$ 42,523**	$ 51,128
Interest cost of the projected benefit obligation	**44,168**	37,850
Amortization of unrecognized prior service cost	**(73,327)**	(103,861)
	$ 13,364	$ (14,883)

For 2022 and 2021, the discount rate used in the calculation of the projected benefit obligation and cost was 5.0% and 2.75%, respectively. Assumed health care cost trend rates are as follows for the years ending December 31:

	2022	2021
Healthcare cost trend rate assumed for next year	**9.00%**	10.00%
Rate to which the cost trend rate is assumed to increase	**5.0%**	2.75%
Year that the rate reaches the ultimate trend rate	**2043**	2042

As of December 31, 2022, the following post-retirement medical benefit payments are expected to be paid:

Years Ending December 31,	
2023	$ 182,000
2024	127,000
2025	165,000
2026	174,000
2027	138,000
2028 – 2033	722,000

Section 457(b) Plan

APA provides a defined contribution retirement plan (the 457(b) Plan) under Section 457(b) of the IRC. To be eligible to participate, an employee must have an employment contract with APA and a base annual salary of $110,000 or greater. The 457(b) Plan allows eligible employees to contribute up to 25% of their gross earnings on a pretax basis, subject to IRC limitations. There are no employer matching contributions. Employee contributions are remitted to an insurance company and are used to purchase annuities and other investments. Until paid or made available to the participant or beneficiary, all deferred amounts and investments earnings related to deferral amounts are solely the property and rights of APA and are subject to claims of APA's general creditors. Participants' rights under the 457(b) Plan are equal to those of a general creditor of APA. As of December 31, 2022 and 2021, the 457(b) Plan assets totaled $3,966,422 and $4,863,847, respectively, and are included in other assets in the accompanying consolidated statements of financial position.

Executive Supplemental Compensation

APA provides an executive supplemental compensation and termination benefit allowance to eligible employees. To be eligible, an employee must be an executive director and have been employed by APA for at least five years. The benefit is forfeited if the employee is terminated with cause, or voluntarily terminates prior to their employment contract expiration date. At December 31, 2022 and 2021, accrued supplemental compensation under this arrangement totaled $1,414,758 and $1,412,555, respectively, and is included in deferred compensation in the accompanying consolidated statements of financial position. APA recorded related expense totaling $491,920 and $462,923 in 2022 and 2021, respectively. Additionally, APA recorded payouts related to this benefit totaling $489,717 and $0 in 2022 and 2021, respectively.

6. Long-Term Debt and Line-of-Credit

Long-term debt consists of the following at December 31:

	2022	2021
Note payable; 3.63%; collateralized by real property, improvements and leases; maturing December 2037	**$ 73,202,263**	$ 76,809,649
Note payable; 3.40%; collateralized by real property, improvements and leases; maturing December 2030	**48,580,742**	49,597,668
	121,783,005	126,407,317
Less: current portion of long-term debt	**(4,792,580)**	(4,624,312)
	116,990,425	121,783,005
Less: unamortized deferred financing costs	**(1,974,879)**	(2,155,863)
	$ 115,015,546	$ 119,627,142

The following schedule shows principal payments due under long-term debt as of December 31, 2022:

Years Ending December 31,	APA 750	APA Ten G	Total
2023	$ 3,740,535	$ 1,052,045	$ 4,792,580
2024	3,878,598	1,088,377	4,966,975
2025	4,021,757	1,125,964	5,147,721
2026	4,170,201	1,164,849	5,335,050
2027	4,324,123	1,205,077	5,529,200
Thereafter	53,067,049	42,944,430	96,011,479
	$ 73,202,263	$ 48,580,742	$ 121,783,005

APA

APA opened a loan management account collateralized by the APA investment portfolio on September 1, 2021, under which it may borrow up to $20,000,000. Payments on outstanding borrowings are due at the Bloomberg Short Term Bank Yield (BSBY) Index rate plus 0.750%, which was 4.39% and 0.080% at December 31, 2022 and 2021, respectively. The loan management account does not expire. There was no outstanding balance due under the loan management account at December 31, 2022 and 2021.

APA 750

On November 30, 2017, APA 750 refinanced the property at 750 First Street for a $90,000,000 note and used the proceeds to pay off existing debt consisting of tax-exempt bonds, a long-term note, and interest rate swap agreements. The note payable has a 20-year term with a 3.63% fixed interest rate. The note payable is secured by a deed of trust, assignment of rents, security agreement and fixture filing that encumbers the real property and improvements thereon owned by APA 750.

APA Ten G

On December 3, 2020, APA Ten G refinanced the property at 10 G Street for a $50,500,000 note payable with a new lender for a 10-year term, which includes a lump sum payment due in 2030 and an interest rate fixed at 3.40%. The note payable is secured by a deed of trust, assignment of rents, security agreement and fixture filing that encumbers the real property and improvements thereon owned by APA Ten G, and is guaranteed by APA for certain non-recourse, carve-out obligations. Certain agreements, permits, and contracts were also pledged as collateral.

The loan agreement established escrow accounts for the payment of insurance and real estate taxes. Payments of 1/12th the estimated annual amounts are made into the escrow accounts and are due along with monthly installments of principal and interest. The loan agreement also establishes a lease rollover reserve of $17,500,000 for payment of lease-related costs associated with the future renewal or replacement of an existing tenant. These funds are held by the lender in an interest-bearing escrow account, and all risk of loss with respect to the principal is at the sole risk of APA Ten G. As of December 31, 2022 and 2021, the lease rollover reserve of $17,500,000 plus interest income of $38,016 and $17,500,000 plus interest income of $16,112, respectively, were reported as restricted cash in the accompanying consolidated statements of financial position.

7. Related Parties

APA is affiliated with 54 divisions that represent major scientific and professional interests. The divisions operate independently from APA. Upon request, APA will act as a collection agent for dues and assessments paid by the divisions' members. Amounts collected and held by APA on behalf of the divisions are included in current assets and current liabilities in the accompanying consolidated statements of financial position. Cash and cash equivalents and investments held on behalf of the divisions totaled $16,723,246 and $17,275,494 as of December 31, 2022 and 2021, respectively.

Consolidated division data is obtained annually upon completion and filing of the division group income tax return. Selected financial data for the divisions for the year ended December 31, 2021, the latest filed tax return available, is as follows:

	Unaudited
Assets	$ 42,552,672
Liabilities	1,798,009
Net assets	40,754,663
Revenues	9,292,025
Expenses	5,491,598

The American Psychological Foundation, Inc. (the Foundation), is a nonprofit corporation that provides scholarships, grants, and awards in order to advance psychology as a science and a profession and as a means of understanding behavior and promoting health and human welfare. The Foundation reimburses APA at cost for administrative expenses incurred on behalf of the Foundation. During 2022 and 2021, APA incurred $747,691 and $795,132 of reimbursable expenses from the Foundation, respectively. As of December 31, 2022 and 2021, $341,249 and $391,982, respectively, was due from the Foundation for these expenses.

The accompanying consolidated financial statements exclude the accounts of the above organizations because APA has neither control nor ownership interest in them.

8. Leasing Arrangements as Lessor

APA 750

APA 750 receives rental income from leasing approximately 370,000 square feet of space to 18 tenants in its headquarters building in Washington, D.C (The Property). Generally, APA 750's tenants are subject to net lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and actual property operating expenses incurred. Rental payments are in substance fixed in accordance with the lease agreements and do not contain any residual value guarantees or material non-lease components. There are no variable payments that are based on indices specified in the leases. APA 750 manages the risk relating to residual value of its leased assets by calculating and monitoring the values through the use of applicable valuation models and ensuring the lease payments charged to its tenants adequately cover the residual value of the building.

At December 31, 2022 and 2021, approximately 90.5% and 88.5% of the Property respectively, is rented to tenants under non-cancelable, multi-year leases that provide, in some instances, rental rate escalation clauses based on both the Consumer Price Index and increases in property operating

expenses. These increases are generally payable in equal installments throughout the year, based on estimated increases, with any differences adjusted in the succeeding year. The tenants pay APA 750 a base rent plus a percentage of the operating costs of the building. Individual tenants' square footage leased ranges from 1,826 square feet up to 179,733 square feet. Lease terms of the tenants are typically for a period of over a year to about fifteen years, with current lease terms of individual tenants up for renewal and extension varying through August 31, 2036. The exercise of lease renewals, if available under the lease options, is generally at APA 750's discretion and is considered in APA 750's assessment of the respective lease term. There is no option for a lessee to purchase the rental space in the lease agreement. Rental income under these leases was $15,401,029 and $14,941,561 for the years ended December 31, 2022 and 2021 respectively.

APA 750 assesses contracts at inception to determine whether an arrangement includes a lease, which conveys LLC's right to control the use of an identified asset for a period of time in exchange for consideration. APA 750 determines whether the lease classification is an operating, sales-type lease or direct financing lease at the commencement date.

Minimum future lease payments to be received are based on existing leases as of the date of these consolidated financial statements, and do not include amounts which may be received under tenant leases for charges to recover certain operating costs, lease extensions, or new tenancies upon expiration of existing leases.

At December 31, 2022, the approximate minimum future lease payments to be received under the terms of the non-cancellable leases for each of the next five years and in the aggregate are as follows:

Years Ending December 31,	Total	Elimination of APA Rent	Net
2023	$ 15,295,000	$ (8,541,000)	$ 6,754,000
2024	15,128,000	(8,755,000)	6,373,000
2025	15,810,000	(8,972,000)	6,838,000
2026	16,050,000	(9,197,000)	6,853,000
2027	16,431,000	(9,427,000)	7,004,000
Thereafter	39,406,000	-	39,406,000
	$ 118,120,000	$ (44,892,000)	$ 73,228,000

The costs of building and improvements–leased out to tenants was approximately $80,713,798 and $75,484,617 as of December 31, 2022 and 2021, respectively.

During the years ended December 31, 2022 and 2021, APA 750 had leases with two tenants (one of which is APA) that each comprised 10% or more of APA 750's gross rental receipts. Gross rental receipts from these tenants approximated $9,907,000 and $9,160,000 for the years ended December 31, 2022 and 2021, respectively.

APA leases approximately 179,733 square feet of net rentable space, which represents approximately 49% of total rentable space. APA's lease commenced on January 10, 1992 and extends through December 31, 2027. Gross receipts recorded by APA 750 from APA during 2022 and 2021 were $8,332,422 and $8,129,324, respectively. APA has not reported a right-of-use asset and a

related lease liability for this lease on the accompanying consolidated statements of financial position, since the lease was eliminated upon consolidation because the lessor is APA 750.

APA and the District of Columbia government entered into a tax abatement agreement effective August 1, 2006, which reduces the amount of real estate tax that APA 750 is obligated to pay. In exchange for the tax abatement, APA is required to host its annual convention in Washington, DC once every three years. Real estate taxes paid to the District of Columbia have been reduced by approximately $1,503,500 and $1,625,800 for the years ended December 31, 2022 and 2021, respectively.

In addition, APA 750 incurred asset management fees of $25,497 for services provided to APA during the years ended December 31, 2022 and 2021. APA 750 incurred expenses related to asset management services provided by APA. As of December 31, 2022 and 2021, amounts totaling $82,900 and $50,300, respectively, were due to APA for these services.

APA Ten G

APA Ten G receives rental income from leasing approximately 263,700 square feet of space to 11 tenants in its headquarters building in Washington, D.C (The Property). Generally, APA Ten G’s tenants are subject to net lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and actual property operating expenses incurred. Rental payments are in substance fixed in accordance with the lease agreements and do not contain any residual value guarantees or material non-lease components. There are no variable payments that are based on indices specified in the leases. APA Ten G manages the risk relating to residual value of its leased assets by calculating and monitoring the values through the use of applicable valuation models and ensuring the lease payments charged to its tenants adequately cover the residual value of the building.

At December 31, 2022 and 2021, approximately 91.8% and 90.9% of the Property respectively, is rented to tenants under non-cancelable, multi-year leases that provide, in some instances, rental rate escalation clauses based on both the Consumer Price Index and increases in property operating expenses. These increases are generally payable in equal installments throughout the year, based on estimated increases, with any differences adjusted in the succeeding year. The tenants pay APA Ten G, a base rent plus a percentage of the operating costs of the building. Individual tenants' square footage leased ranges from 2,416 square feet up to 110,083 square feet. Lease terms of the tenants are typically for a period of over a year to twelve and a half years, with current lease terms of individual tenants up for renewal varying through September 30, 2032. The exercise of lease renewals, if available under the lease options, is generally at APA Ten G’s discretion and is considered in APA Ten G’s assessment of the respective lease term. There is no option for a lessee to purchase the rental space in the lease agreement. Rental income under these leases was $9,811,061 and $9,888,553 for the years ended December 31, 2022 and 2021 respectively.

APA Ten G assesses contracts at inception to determine whether an arrangement includes a lease, which conveys LLC’s right to control the use of an identified asset for a period of time in exchange for consideration. APA Ten G determines whether the lease classification is an operating, sales-type lease or direct financing lease at the commencement date.

Minimum future lease payments to be received are based on existing leases as of the report date, and do not include amounts that may be received under tenant leases for charges to recover certain operating costs, lease extensions, or new tenancies upon expiration of existing leases.

At December 31, 2022, the approximate minimum future lease payments to be received under the terms of the non-cancellable leases for each of the next five years and in the aggregate are as follows:

Years Ending December 31,	
2023	$ 10,864,000
2024	10,927,000
2025	6,962,000
2026	6,797,000
2027	6,919,000
Thereafter	14,591,000
	$ 57,060,000

The costs of building and improvements–leased out to tenants was approximately $50,313,293 and $49,792,860 as of December 31, 2022 and 2021, respectively.

During the years ended December 31, 2022 and 2021, APA Ten G had leases with two tenants that comprised 10% or more of gross rental receipts. The term of one of these tenant leases ends on December 31, 2024. Gross rental receipts from these tenants approximated $7,851,000 and $5,889,000 for the years ended December 31, 2022 and 2021, respectively.

APA Ten G incurred expenses related to asset management services provided by APA. As of December 31, 2022 and 2021, amounts totaling $52,900 and $33,800, respectively, were due to APA for these services. No amounts were payable to APA as of December 31, 2022 and 2021, respectively, for the reimbursement of costs paid by APA on APA Ten G's behalf.

9. Income Taxes

The Association records deferred income tax assets for estimated future tax consequences. Deferred income tax assets are measured by applying enacted statutory rates applicable to the future years in which deferred income tax assets are expected to be settled or realized. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized.

The provision for income taxes totaled $503,020 and $442,804 for the years ended December 31, 2022 and 2021, respectively.

10. 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 or minimizes the amount that would be paid. 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 Association'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 Association uses to measure its assets at fair value.

Investments include money market funds, mutual funds and common stocks.

In general, and where applicable, the Association uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. All of the Association's investments are Level 1 investments.

Fair Value on a Recurring Basis

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

	As of December 31, 2022			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Investments				
Money Market funds	$ 3,093,098	$ 3,093,098	$ -	$ -
Common stocks				
Consumer industry	7,482,108	7,482,108	-	-
Energy industry	3,597,308	3,597,308	-	-
Finance industry	8,249,648	8,249,648	-	-
Health care industry	7,443,122	7,443,122	-	-
Industrial industry	7,408,086	7,408,086	-	-
IT industry	10,922,249	10,922,249	-	-
Real Estate	2,712,009	2,712,009	-	-
Materials industry	2,852,916	2,852,916	-	-
	50,667,446	50,667,446	-	-
Mutual funds				
Government bond	495,278	495,278	-	-
Corporate bond	15,736,340	15,736,340	-	-
Large cap stock	2,047,174	2,047,174	-	-
Mid cap equity	3,919,012	3,919,012	-	-
Emerging markets	39,862	39,862	-	-
	22,237,666	22,237,666	-	-
Investments, divisions (see Note 7)				
Mutual funds				
Government bond	147,695	147,695	-	-
Corporate bond	203,027	203,027	-	-
Large cap stock	3,576,919	3,576,919	-	-
Mid cap stock	54,780	54,780	-	-
Inflation Protect Sec Inv	65,342	65,342	-	-
International stock	18,794	18,794	-	-
	4,066,557	4,066,557	-	-
457(b) Plan assets (see Note 5)				
Mutual funds				
Money fund	364,625	364,625	-	-
International equity	57,906	57,906	-	-
Large cap equity	1,400,904	1,400,904	-	-
Mid cap equity	160,096	160,096	-	-
Small cap equity	169,296	169,296	-	-
Targeted date funds	1,137,463	1,137,463	-	-
Corporate bond	498,924	498,924	-	-
Real estate funds	177,208	177,208	-	-
	3,966,422	3,966,422	-	-
Total	$ 84,031,189	$ 84,031,189	$ -	$ -

	As of December 31, 2021			
	Assets Measured At Fair	Fair Value Hierarchy Level		
Description	Value	Level 1	Level 2	Level 3
Investments				
Money Market funds	$ 2,578,018	$ 2,578,018	$ -	$ -
Common stocks				
Consumer industry	8,924,273	8,924,273	-	-
Energy industry	2,574,434	2,574,434	-	-
Finance industry	12,788,776	12,788,776	-	-
Health care industry	5,422,861	5,422,861	-	-
Industrial industry	14,420,984	14,420,984	-	-
IT industry	12,502,898	12,502,898	-	-
Real Estate	3,110,089	3,110,089	-	-
Materials industry	1,587,576	1,587,576	-	-
	61,331,892	61,331,892	-	-
Mutual funds				
Government bond	502,088	502,088	-	-
Corporate bond	19,117,523	19,117,523	-	-
Large cap stock	3,907,922	3,907,922	-	-
International stock	595,967	595,967	-	-
Mid cap equity	8,105,869	8,105,869	-	-
Emerging markets	87,614	87,614	-	-
	32,316,983	32,316,983	-	-
Investments, divisions (see Note 7)				
Mutual funds				
Government bond	242,159	242,159	-	-
Corporate bond	290,664	290,664	-	-
Large cap stock	4,484,847	4,484,847	-	-
Mid cap stock	67,386	67,386	-	-
Inflation Protect Sec Inv	68,905	68,905	-	-
International stock	21,274	21,274	-	-
	5,175,235	5,175,235	-	-
457(b) Plan assets (see Note 5)				
Mutual funds				
Money fund	311,533	311,533	-	-
International equity	49,327	49,327	-	-
Large cap equity	1,895,449	1,895,449	-	-
Mid cap equity	152,773	152,773	-	-
Small cap equity	216,408	216,408	-	-
Targeted date funds	1,417,349	1,417,349	-	-
Corporate bond	590,125	590,125	-	-
Real estate funds	230,883	230,883	-	-
	4,863,847	4,863,847	-	-
Total	$ 106,265,975	$ 106,265,975	$ -	$ -

11. Contingencies

Along with an international law firm, the Association is a defendant in defamation lawsuits brought by five individuals. Although it cannot be concluded that an unfavorable outcome is either probable or remote, the Association's legal counsel does not expect it to result in a judgment against the Association which would have a material adverse effect on the Association's consolidated financial statements.

12. Subsequent Events

The Association has evaluated subsequent events through July 6, 2023, which is the date the consolidated financial statements were available to be issued. There were no events noted that required adjustments to, or disclosure in, these consolidated financial statements.