

AMERICAN ASSOCIATION OF PEOPLE WITH DISABILITIES

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2023 and 2022

FLYNN ABELL NIXON LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
American Association of People with Disabilities

Opinion

We have audited the accompanying financial statements of American Association of People with Disabilities (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Association of People with Disabilities as of December 31, 2023 and 2022, and the changes in its net assets and its 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Association of People with Disabilities and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 American Association of People with Disabilities 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Association of People with Disabilities 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.

Report on Summarized Comparative Information

We have previously audited American Association of People with Disabilities 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Flynn Abell Nixon LLC

Flynn Abell Nixon LLC
Bethesda, Maryland
November 11, 2024

American Association of People with Disabilities
Statements of Financial Position

	December 31, 2023	December 31, 2022
Assets		
Current Assets		
Cash & equivalents	\$ 915,105	\$ 4,527,247
Investments	8,237,659	4,767,752
Unconditional promises to give	180,309	109,500
Prepaid expenses and other current assets	70,344	36,701
Total Current Assets	9,403,417	9,441,200
Equipment & Capitalized Costs, Net	281,927	65,371
Other Assets		
Right-of-use asset	2,642,016	-
Deposits	28,054	28,054
Total Other Assets	2,670,070	28,054
Total Assets	<u>\$ 12,355,414</u>	<u>\$ 9,534,625</u>
Liabilities & Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 96,683	\$ 63,146
Lease liability, current portion	123,437	-
Total Current Liabilities	220,120	63,146
Long-Term Liabilities		
Deferred Revenue	225,910	110,000
Due to NDLA	28,871	39,322
Lease liability	2,774,971	-
	3,029,752	149,322
Total Liabilities	3,249,872	212,468
Net Assets		
Without donor restrictions	6,485,835	7,589,050
Board designated funds	1,954,133	1,298,916
Total without donor restrictions	8,439,968	8,887,966
With donor restrictions	665,574	434,191
Total Net Assets	9,105,542	9,322,157
Total Liabilities & Net Assets	<u>\$ 12,355,414</u>	<u>\$ 9,534,625</u>

See Auditors' Report and notes to financial statements

American Association of People with Disabilities
Statements of Activities and Changes in Net Assets

	December 31, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support & Revenue				
Public Support				
General Contributions	\$ 1,329,649	\$ 1,012,722	\$ 2,342,371	\$ 5,491,376
Special Events	724,660		724,660	630,502
In-Kind Contributions		40,100	40,100	20,315
Board Contributions	4,906		4,906	6,571
Total Public Support	2,059,215	1,052,822	3,112,037	6,148,764
Revenue				
Speaking Fees, Honorarium & Other Programmatic Revenue	31,085		31,085	8,456
Investment Income	496,502		496,502	(232,496)
Other	-		-	3,504
Total Revenue	527,587	-	527,587	(220,536)
Net Assets Released from Restriction	821,439	(821,439)	-	-
Total Public Support & Revenue	3,408,241	231,383	3,639,624	5,928,228
Expenses				
Program Services				
In-Kind	40,100		40,100	20,315
Other	2,600,874		2,600,874	1,987,173
Total Program Services	2,640,974	-	2,640,974	2,007,488
Supporting Expenses				
Management & General	816,379		816,379	349,239
Fundraising Expenses	398,886		398,886	295,415
Total Supporting Expenses	1,215,265	-	1,215,265	644,654
Total Expenses	3,856,239		3,856,239	2,652,142
Change in Net Assets	(447,998)	231,383	(216,615)	3,276,086
Net Assets, Beginning of Year	8,887,966	434,191	9,322,157	6,046,071
Net Assets, End of Year	<u>\$ 8,439,968</u>	<u>\$ 665,574</u>	<u>\$ 9,105,542</u>	<u>\$ 9,322,157</u>

**AMERICAN ASSOCIATION OF PEOPLE WITH DISABILITIES
STATEMENT OF FUNCTIONAL EXPENSES**

	PROGRAM SERVICES							SUPPORTING SERVICES				
	GALA/ Leadership Award	External Affairs- Other	Internships	Public Policy & Research	Employment	Covid Research	TOTAL PROGRAM SERVICES	Management & General	Fundraising	2023 TOTAL	2022 TOTAL	
Expenses												
Salaries	\$ 30,228	\$ 243,389	\$ 113,607	\$ 196,801	\$ 57,774	\$ 72,749	\$ 714,548	\$ 128,829	\$ 88,463	\$ 931,840	\$ 665,652	
Payroll Taxes	2,347	18,899	8,821	15,281	4,486	5,649	55,483	9,806	6,869	72,158	51,832	
Benefits	3,318	26,718	12,486	21,565	6,333	7,949	78,369	13,314	9,715	101,398	73,694	
Professional Services	314,909	152,269	69,367	189,159	15,994	8,965	750,663	440,208	106,901	1,297,772	947,479	
Awards & Stipends	20,000	46,435	206,467		16,000		288,902	17,142		306,044	300,324	
Bank Charges							-	32,326	41	32,367	23,149	
Books & Subscriptions	10	19,996	2,389	1,304		1,743	25,442	25,145		50,587	43,301	
Printing & Media Production		67					67			67	20	
Branding							-	1,290		1,290	36,489	
Contributions		316,500	2,500				319,000	6,000		325,000	237,926	
Insurance/Taxes/Licenses	459	3,696	1,725	2,989	878	1,105	10,852	1,788	2,020	14,660	13,648	
IT Expenses	102	6,826	863	695	196	245	8,927	3,414	107,103	119,444	39,927	
Depreciation/Amortization							-	24,946	15,140	40,086	16,135	
Postage & Delivery		142	416				558	308		866	219	
Meetings/Conferences/Events	76,853	23,709	17,812	-	26,200	254	144,828	775	-	145,603	109,671	
Occupancy & Storage	16,255	84,301	57,201	15,768	15,947		189,472	40,137	26,782	256,391	-	
Supplies	142	949			153		1,244	43,390		44,634	19,428	
Telephone	257	2,070	966	1,674	491	619	6,077	1,074	752	7,903	6,045	
Travel	2,571	15,500	27,854	91	-	526	46,542	19,710	35,100	101,352	60,134	
Miscellaneous							-	6,777		6,777	7,069	
Total Expenses	\$ 467,451	\$ 961,466	\$ 522,474	\$ 445,327	\$ 144,452	\$ 99,804	\$ 2,640,974	\$ 816,379	\$ 398,886	\$ 3,856,239	\$ 2,652,142	

See Auditors' Report and notes to financial statements

American Association of People with Disabilities
Statements of Cash Flows

	December 31, 2023	December 31, 2022
Cash Flow From Operating Activities		
Excess of Revenue or <Expenses>	\$ (216,615)	\$ 3,276,086
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	40,086	16,135
Realized and unrealized investment income	(469,907)	249,992
Decrease (increase) unconditional promises to give	(70,809)	80,500
Decrease (increase) prepaid expenses	(33,643)	1,393
Right-of-Use Asset (Implementation of ASC 842)	(2,642,016)	-
Increase (decrease) accounts payable	33,537	(7,655)
Increase (decrease) deferred rent	-	-
Change in NDLA Liability	(10,451)	(3,338)
Change in Deferred Revenue	115,910	(303,795)
Lease liability (Implementation of ASC 842)	2,898,408	-
Net Cash Provided By (Used in) Operating Activities	(355,500)	3,309,318
Cash Flow From Investing Activities		
Net cash transfer of investments	(3,000,000)	(2,500,000)
Net acquisitions/dispositions of property and equipment	(256,642)	(37,850)
Net Cash Provided By (Used in) Investing Activities	(3,256,642)	(2,537,850)
Cash Flow from Financing Activities		
Net Security Deposits	-	(28,054)
Net Cash Provided by Financing Activities	-	(28,054)
Net Increase (Decrease) in Cash & Equivalents	(3,612,142)	743,414
Cash & Equivalents - Beginning of Year	4,527,247	3,783,833
Cash & Equivalents - End of Year	<u>\$ 915,105</u>	<u>\$ 4,527,247</u>

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The American Association of People with Disabilities (AAPD) is a convener, connector, and a catalyst for change, increasing the political and economic power of people with disabilities. The Organization was incorporated May 31, 1995 under the laws of the District of Columbia and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

B. Basis of presentation

The financial statements of AAPD have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require AAPD to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of AAPD's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of AAPD or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

C. Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair value and are recognized when cash or an unconditional promise to give has been received. Contributions for the internship program in the following year are recorded as deferred revenue until the year of the program to which the contribution relates, since there is a significant risk of forfeiture if the program does not occur.

D. Investments

It is the Organization's policy to record investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. To adjust the carrying value of these investments, the change in fair market value is included as a component of investment return on the statement of activities.

E. In-Kind Contributions

The Organization received in-kind contributions from domestic airlines in the form of points. The in-kind contributions were recognized at an estimated fair value based on rates charged to airline customers. In-kind airfare contributions totaled \$40,100 and \$20,315 for the years ended December 31, 2023 and 2022, respectively.

Management believes that these estimates of such expenditures provide a reasonable basis for recording off-setting in-kind contributions and expenses. The recording of in-kind contributions and donations has no net impact on the reported change in net assets.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Depreciation

Furniture, fixtures and equipment are carried at cost. Depreciation of furniture, fixtures and equipment is provided using the straight line method over the useful life of 5-10 years. Depreciation expense was \$40,086 and \$16,135 for the years ended December 31, 2023 and 2022, respectively.

G. Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Operating Lease, Right-of-Use Asset and Liability

Operating lease right-of-use ("ROU") assets are measured at the commencement date at the amount of the initially measured liability. Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received).

AAPD is a lessee in a noncancellable lease for office space. The office lease has been recorded on the statement of financial position as both an ROU asset and lease liability, calculated by discounting fixed lease payments over the lease term at discount rate.

The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rate of the lease was not readily determinable, therefore, AAPD has elected to use the risk-free rate, which was 4.8% as of April 1, 2023, the date of lease commencement.

Lease liabilities are increased by interest and reduced by payments each period, and the ROU asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the ROU asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized when incurred. AAPD excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy.

I. Description of Programs

AAPD Leadership Awards Gala and AAPD Paul G. Hearne Emerging Leader Awards- The AAPD Leadership Awards Gala held for the first time in 2002 is an annual forum that pays tribute to disability community leaders, brings together highly diverse constituents, and promotes advocacy. Attendees from around the country include members of the disability community, other key civil rights advocates, the media, corporate representatives, state government and election officials, Members of Congress, Administration representatives and other policymakers. The AAPD Paul G. Hearne Emerging Leader Awards are cash gifts of \$7,500 each awarded annually to people with disabilities who are emerging leaders in their fields and have positive visions for the disability community. Each prior awardee is now using their award to further their work nationally to improve the lives of all people with disabilities.

External Affairs - The organization's work and achievements are continually highlighted to community members, partners, supporters, and legislators. AAPD achieves this goal by creating high quality digital content through print, social, and online media; as well as creating visual content, such as video productions and dynamic graphics. AAPD's website features a monthly newsletter called the Disability Download which serves as an ongoing medium for community outreach. The Disability Rights Storytellers Fellowship provides the opportunity for individuals with disabilities to learn and apply skills in digital media storytelling and disability advocacy.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The REV UP Campaign aims to increase the political power of the disability community while also engaging candidates and the media on disability issues. REV UP stands for Register! Educate! Vote! Use your Power! Full political participation for Americans with disabilities is a top priority. AAPD works with state and national coalitions on effective, non-partisan campaigns to eliminate barriers to voting, promote accessibility of voting technology and polling places; educate voters about issues and candidates; promote turnout of voters with disabilities across the country; engage candidates and the media on disability issues, and protect eligible voters' right to participate in elections.

AAPD serves as the fiscal agent for the National Disability Leadership Alliance. The National Disability Leadership Alliance (NDLA) is a national cross-disability coalition that represents the authentic voice of people with disabilities. NDLA is led by 18 national organizations run by people with disabilities with identifiable grassroots constituencies around the country.

The NDLA steering committee includes: ADAPT, the American Association of People with Disabilities, the American Council of the Blind, the Association for Programs for Rural Independent Living, the Autistic Self Advocacy Network, the Hearing Loss Association of America, Little People of America, the National Association of the Deaf, the National Coalition for Mental Health Recovery, the National Council on Independent Living, the National Federation of the Blind, the National Organization of Nurses with Disabilities, Not Dead Yet, Self Advocates Becoming Empowered, Autistic Women & Nonbinary Network, Paralyzed Veterans of America, DREDF and the United Spinal Association.

Employment - Disability Mentoring Day (DMD) is a large-scale national effort coordinated by AAPD to promote career development for students and job-seekers with disabilities through hands-on career exploration and ongoing mentoring relationships. The Disability Equality Index (DEI) is a national, transparent benchmarking tool that offers major employers the opportunity to receive an objective score on their disability inclusion policies and practices and identify avenues for continued improvement. It is also intended to help build a company's reputation as an employer of choice. The tool is a joint project with Disability:IN.

AAPD Summer Internship Program – Since 2002, the AAPD Summer Internship Program has developed the next generation of leaders with disabilities and offered host employers access to a talented, diverse workforce. The program provides college students, graduate students, law students, and recent graduates with all types of disabilities with paid 10-week summer internships in Congressional offices, federal agencies, non-profit and for-profit organizations in the Washington, DC area. In 2023, due to ongoing concerns related to the COVID-19 pandemic, AAPD offered both in-person and virtual internship opportunities. AAPD engaged students with disabilities and recent graduates with disabilities in a Disability Advocacy Certificate Program. Each intern is matched with a mentor who will assist them with their career goals. AAPD provides the interns with a stipend, funding for technology, as well as other career resources and networking opportunities.

NBCUniversal Tony Coelho Media Scholarship - The NBCUniversal Tony Coelho Media Scholarship offers eight scholarships to 2nd year associate students; undergraduate sophomores, juniors, and seniors; and graduate students with disabilities who are pursuing communications or media-related degrees. Each recipient receives \$5,625 for tuition and fees at their college or university.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Policy and Research – AAPD's staff work on national disability policy issues and disability related research projects that advance the goals of the Americans with Disabilities Act: healthcare and related services, employment that leads to greater economic self-sufficiency, community integration & housing. These public policy and research issues include, but not limited to, telecommunications and technology, healthcare, employment, bioethics, housing and transportation. AAPD holds a monthly Technology Forum that serves as a strategic meeting of national disability advocacy organizations and representatives from the technology industry with a mission to holistically drive and accelerate innovations to advance the interests of underrepresented groups. The accessibility of various technologies, devices, and applications continues to be an essential part of the forum's deliberations.

We Will Ride Coalition - AAPD (serving as organizer and convener), Disability Rights Education and Defense Fund, National Council on Independent Living, Paralyzed Veterans of America, and United Spinal Association are the founding members of the We Will Ride Coalition. The Coalition works to increase the accessibility of autonomous vehicles in both the near and long term. They do this by working with representatives of the automobile industry and other entities involved in the planning and deployment of autonomous vehicles on public roads. Led by AAPD, the Coalition meets monthly.

J. Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) except on gross income from an unrelated trade or business of \$1,000 or more. For the years ended December 31, 2023 and 2022, no provision for income taxes is required, as the Association had no unrelated business income.

The Organization has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization evaluated its uncertainty in income taxes for the years ended December 31, 2023 and 2022 and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status.

The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Subsequent Events

AAPD evaluated subsequent events for potential required disclosures through November 11, 2024 which is the date the financial statements are available to be issued.

NOTE 2 -LIQUIDITY AND AVAILABILITY

The following represents AAPD's financial assets at December 31, 2023 and 2022:

Financial assets at year end:	2023	2022
Cash and cash equivalents	\$ 915,105	\$4,527,247
Contributions receivable	180,309	109,500
Investments	8,237,659	4,767,752
	<u>9,333,073</u>	<u>9,404,499</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	665,574	434,191
Board designated reserve fund	1,954,133	1,298,916
	<u>2,619,707</u>	<u>1,733,107</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$6,713,366</u>	<u>\$7,671,392</u>

AAPD's goal is generally to maintain financial assets to meet 9 months of operating expenses (approximately \$1.3M). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, bonds, and certificates of deposit.

NOTE 3 -BOARD DESIGNATED NET ASSETS

The Paul G. Hearne Memorial Fund consists of donations made to AAPD in memory of its cofounder Paul G. Hearne, who passed away in May, 1998. It was the Board's intention to have this Fund become the start of an endowment for the Organization and designated \$23,144 for this purpose. The Board also designated \$80,000 in 2005 to be set aside as a reserve fund.

In September 2006, the Organization adopted a Reserve Account Policy Statement. The policy states the following: If there is an operating surplus over \$100,000 post audit, 20% of the surplus amount will be allocated to the reserve account; if the operating surplus is less than \$100,000 post audit, 10% of the surplus amount will be allocated to the reserve account. In 2023 and 2022, \$655,217 and \$567,223 was added to the reserve account, respectively, based on the operating surplus in each of the preceding years. The balance in the fund as of December 31, 2023 and 2022 was \$1,954,133 and \$1,298,916, respectively.

NOTE 4 -INVESTMENTS

The components of the investments are as follows:

Corporate stocks and mutual funds	2023	2022
Cost	\$ 7,889,905	\$ 4,814,123
Market	8,237,659	4,767,752

NOTE 4 -INVESTMENTS (CONTINUED)

Composition of investment revenue is as follows:

	<u>2023</u>	<u>2022</u>
Unrealized Investment Gains/(Losses)	\$ 347,754	\$ (278,255)
Realized Investment Gains/(Losses)	710	(7,549)
Dividend and interest income	148,038	53,308
Total Income	<u>\$ 496,502</u>	<u>\$ (232,496)</u>

NOTE 5 - FAIR VALUE MEASUREMENTS

AAPD follows the Codification topic, Fair Value Measurements. The Codification applies to all assets and liabilities that are being measured and reported on a fair value basis. The Codification requires disclosure that establishes a framework for measuring fair value of GAAP, and expands disclosure about fair value measurements. The Codification enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The Codification requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories.

- Level 1: Quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market based inputs or unobservable inputs corroborated by market data
- Level 3: Unobservable inputs that are not corroborated by market data

The estimated fair values of AAPD's short-term financial instruments, including receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. In determining the appropriate level, AAPD performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

Assets	Level 1	Level 2	Level 3	2023 Total
Corporate Stocks & Mutual Funds	\$8,237,659			\$8,237,659
Total Assets	\$8,237,659			\$8,237,659

Assets	Level 1	Level 2	Level 3	2022 Total
Corporate Stocks & Mutual Funds	\$4,767,752			\$4,767,752
Total Assets	\$4,767,752			\$4,767,752

Corporate stocks and mutual funds are classified as Level 1 instruments as they are actively traded on public exchanges.

NOTE 6 – RETIREMENT PLAN

Effective September 1, 1997, the Organization sponsors a contributory defined contribution retirement plan. All full time employees are eligible to participate in the plan. The Organization will match employee contributions up to 5% of the participant's annual salary. The Organization made contributions of \$43,775 and \$32,595 to the plan for the years ended December 31, 2023 and 2022 respectively.

NOTE 7 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated across programs. Such allocations are determined by management using percentages of staff time dedicated to each program, weighted by salaries.

NOTE 8 - LEASE COMMITMENT

In 2022, the Organization entered into a lease agreement for office space at 1030 15th Street, NW, Suite 500E, Washington, DC. In accordance with the lease agreement, the lease term did not start and the AAPD was not liable for rent until the leasehold improvements were completed and the space made available for occupancy. The space was made available to the Organization and the lease commenced on April 1, 2023. Monthly cash rental payments under the lease term may differ from the straight-line rent expense amount detailed in Note 1, H.

Future minimum rental payments for the life of the 1030 15th Street lease are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 257,395
2025	292,576
2026	330,115
2027	369,342
2028 and beyond	<u>2,454,013</u>
Total	<u>\$ 3,703,441</u>

Total rent expense incurred for the years ending December 31, 2023 and 2022 was \$256,392 and \$0, respectively.