

AMERICAN PUBLIC EDUCATION INC  
Form 11-K  
June 26, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND  
SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2013

Or

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33810

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

AMERICAN PUBLIC UNIVERSITY SYSTEM

RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

American Public Education, Inc.  
111 West Congress Street  
Charles Town, West Virginia 25414



American Public University System Retirement Plan

Financial Report  
December 31, 2013

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Report of Independent Registered Public Accounting Firm

To the Participants and Investment Committee of the  
American Public University System Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the American Public University System Retirement Plan (the Plan) as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Stout, Causey & Horning, P.A.  
Sparks, Maryland  
June 26, 2014

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American Public University System Retirement Plan

Statements Of Net Assets Available For Benefits  
December 31, 2013 And 2012

|  | 2013                | 2012                |
|--|---------------------|---------------------|
| <b>Assets</b>                            |                     |                     |
| Investments at fair value                | \$47,306,842        | \$32,816,344        |
| <b>Receivables:</b>                      |                     |                     |
| Employer contributions                   | 39,667              | 43,897              |
| <b>Total assets</b>                      | <b>47,346,509</b>   | <b>32,860,241</b>   |
| <b>Liabilities</b>                       | -                   | -                   |
| <b>Net assets available for benefits</b> | <b>\$47,346,509</b> | <b>\$32,860,241</b> |

See Notes To Financial Statements.

## American Public University System Retirement Plan

Statement Of Changes In Net Assets Available For Benefits  
Year Ended December 31, 2013

## Additions to net assets attributable to:

## Contributions:

|                     |             |
|---------------------|-------------|
| Employee            | \$6,088,868 |
| Employer            | 2,827,270   |
| Rollovers           | 272,720     |
| Total contributions | 9,188,858   |

## Investment income:

|   |           |
|---|-----------|
| Net appreciation in fair value of investments | 6,120,506 |
| Interest and dividends                        | 1,960,494 |
|   | 8,081,000 |

|                 |            |
|-----------------|------------|
| Total additions | 17,269,858 |
|-----------------|------------|

## Deductions from net assets attributable to:

|                               |           |
|-------------------------------|-----------|
| Benefits paid to participants | 2,781,521 |
| Administrative expenses       | 2,069     |
| Total deductions              | 2,783,590 |

|              |            |
|--------------|------------|
| Net increase | 14,486,268 |
|--------------|------------|

## Net assets available for benefits:

|                   |              |
|-------------------|--------------|
| Beginning of year | 32,860,241   |
| Ending of year    | \$47,346,509 |

See Notes To Financial Statements.

American Public University System Retirement Plan  
Notes to Financial Statements

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Note 1. Plan Description and Summary of Significant Accounting Policies

The following description of the American Public University System Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General:

The Plan, a 401(k) profit sharing plan sponsored by American Public University System, Inc. (the Company), a subsidiary of American Public Education, Inc. (APEI) covers all eligible employees under the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility:

All employees of the Company are eligible for participation in the Plan except for employees covered by a collective bargaining agreement and non-resident aliens who do not receive income from the employer which constitutes United States income and residents of Puerto Rico. Participants are eligible to participate in the Plan on the first day of the calendar quarter after their date of hire.

Effective November 1, 2013, APEI acquired National Education Seminars (NES) from certain selling stockholders (Sellers). Sellers continued to maintain the 401(k) profit sharing plan in which NES employees were eligible to participate until November 1, 2013, at which time the NES employees became eligible to participate in, and make contributions to, the Plan.

Contributions:

Each year, participants may contribute a specified amount or percentage of compensation, up to 60% of their gross annual earnings not to exceed ERISA and Internal Revenue Service (IRS) limits. Participants who have attained the age of 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified plans (rollovers). Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds and APEI common stock as investment options for participants. The Company makes a safe harbor non-elective contribution of 100% of the first 3% of the participant's eligible compensation deferred into the Plan and 50% of the next 2% of the participant's eligible compensation deferred into the Plan. Additional amounts may be contributed at the discretion of the Company. Contributions are subject to certain IRS limitations.

Participant accounts:

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contribution and (b) Plan earnings/losses and charged with administrative expenses, if applicable. Allocations are based on participant's earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting:



Participants are immediately vested in their voluntary contributions, the safe harbor non-elective contributions and any non-elective Company contribution to the Plan, plus actual earnings thereon.

Payment of benefits:

On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a ten-year period. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. If a participant's account balance is less than \$1,000 upon termination of service, the Plan Administrator will direct the trustee to make a lump-sum distribution. In addition, participants may make withdrawals from their account upon attainment of age 59 1/2. Participants may also make withdrawals from their vested balance for reasons of financial hardship under specific guidelines set forth in the Plan.

American Public University System Retirement Plan  
Notes to Financial Statements

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Note 1. Plan Description and Summary of Significant Accounting Policies (Continued)

Payment of benefits (Continued):

As of December 31, 2013 and 2012, there were no net assets of the Plan allocated to participants who had elected to withdraw from the Plan but had not been paid by year-end.

Hardship withdrawals:

Hardship withdrawals are allowed in accordance with the Plan provisions, subject to a \$500 minimum.

Administrative expenses:

The Plan's direct administrative expenses are paid by either the Plan or the Plan Sponsor as provided by the Plan document. The Plan paid direct administrative expenses of \$2,069 during the year ended December 31, 2013.

A summary of the Plan's significant accounting policies follows:

Basis of accounting:

The accompanying financial statements are prepared under the accrual method of accounting.

Use of estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the Plan's management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment valuation and income recognition:

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation includes the Plan's gains and losses on investments bought, sold and held during the year.

Payment of benefits:

Benefits are recorded when paid.

Income taxes:

GAAP requires the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken any uncertain tax positions that more likely than not would not be sustained upon examination by a tax authority. Management has evaluated the Plan's tax positions and concluded that the Plan has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Plan recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Plan does not have any amounts accrued relating to interest and penalties as of December 31, 2013 and 2012. With few exceptions, the Plan is no longer subject to income tax examinations by U.S. Federal, state or local tax authorities for years before 2010.

Subsequent events:

The Plan has evaluated for disclosure subsequent events through the report issuance date and determined there were no material events that warrant disclosure, except for those described in Note 8.

American Public University System Retirement Plan  
Notes to Financial Statements

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Note 2. Investments

The following is a summary of the investment information as of December 31, 2013 and 2012. Single investments representing more than 5% of the Plan's net assets are separately identified:

|                         | 2013          | 2012          |
|-------------------------|---------------|---------------|
| Fidelity Contrafund     | \$ 2,610,759  | \$ 1,777,470  |
| Fidelity Growth Company | 2,805,971     | 1,861,587     |
| Fidelity Freedom 2020   | 2,367,572     | 1,668,199     |
| Fidelity Freedom 2030   | 2,834,331     | 1,982,680     |
| Fidelity Freedom 2035   | 2,810,733     | 1,670,105     |
| Fidelity Freedom 2040   | 3,015,883     | 1,872,586     |
| Other investments       | 30,861,593    | 21,983,717    |
|                         | \$ 47,306,842 | \$ 32,816,344 |

During 2013, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$6,120,506 as follows:

|                   |             |
|-------------------|-------------|
| Mutual funds      | \$5,940,286 |
| APEI Common stock | 180,220     |
|                   | \$6,120,506 |

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, "Fair Value Measurements," defines fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2. Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets

Quoted prices for identical or similar assets or liabilities in inactive markets

Inputs other than quoted prices that are observable for the asset or liability

Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

American Public University System Retirement Plan  
Notes to Financial Statements

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Note 2. Investments (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Common Stock: Valued at the closing price reported on the active market on which the individual security is traded.

Mutual Funds: Valued at the net asset value of the shares held by the fund at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2013 and 2012.

Investments at Fair Value as of December 31, 2013

|                                 | Level 1       | Level 2 | Level 3 | Total         |
|---------------------------------|---------------|---------|---------|---------------|
| Mutual Funds:                   |               |         |         |               |
| Large Cap Funds                 | \$ 10,417,991 | \$ -    | \$ -    | \$ 10,417,991 |
| Mid Cap Funds                   | 5,958,612     | -       | -       | 5,958,612     |
| Small Cap Funds                 | 2,148,009     | -       | -       | 2,148,009     |
| Blended Funds                   | 19,409,997    | -       | -       | 19,409,997    |
| International Funds             | 3,264,588     | -       | -       | 3,264,588     |
| Bond Funds                      | 3,283,756     | -       | -       | 3,283,756     |
| Money Market Funds              | 1,662,091     | -       | -       | 1,662,091     |
| Sector Funds                    | 151,522       | -       | -       | 151,522       |
| APEI Common stock               | 1,010,276     | -       | -       | 1,010,276     |
| Total Investments at Fair Value | \$ 47,306,842 | \$ -    | \$ -    | \$ 47,306,842 |

American Public University System Retirement Plan  
Notes to Financial Statements

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Note 2. Investments (Continued)

Investments at Fair Value as of December 31, 2012

|  | Level 1              | Level 2     | Level 3     | Total                |
|--|----------------------|-------------|-------------|----------------------|
| <b>Mutual Funds:</b>                   |                      |             |             |                      |
| Large Cap Funds                        | \$ 6,973,130         | \$ -        | \$ -        | \$ 6,973,130         |
| Mid Cap Funds                          | 3,955,714            | -           | -           | 3,955,714            |
| Small Cap Funds                        | 1,338,681            | -           | -           | 1,338,681            |
| Blended Funds                          | 12,742,106           | -           | -           | 12,742,106           |
| International Funds                    | 2,363,697            | -           | -           | 2,363,697            |
| Bond Funds                             | 2,893,026            | -           | -           | 2,893,026            |
| Money Market Funds                     | 1,457,704            | -           | -           | 1,457,704            |
| Sector Funds                           | 167,996              | -           | -           | 167,996              |
| APEI Common stock                      | 924,290              | -           | -           | 924,290              |
| <b>Total Investments at Fair Value</b> | <b>\$ 32,816,344</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 32,816,344</b> |

The Plan's mutual funds and common stock are publicly traded and are considered Level 1 assets.

Note 3. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Note 4. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions and terminate the Plan subject to the provisions of ERISA.

Note 5. Tax Status

The IRS has determined, and informed the Plan by a letter dated March 5, 2012, that the Plan is qualified and that the trust established under the Plan is tax exempt, under the applicable sections of the Internal Revenue Code.

Note 6. Related Party Transactions

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Administrative expenses paid by the Plan to Fidelity amounted to \$2,069 for the year ended December 31, 2013. The Company provides certain accounting and administrative services to the Plan for which no fees are charged. All such transactions qualify as party-in-interest transactions that are exempt from the prohibited transaction rules.





American Public University System Retirement Plan  
Notes to Financial Statements

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Note 6. Related Party Transactions (Continued)

The Plan allows participants to invest in common stock of APEI. The Plan Sponsor, which is the Company, is a subsidiary of APEI and therefore, these investments qualify as party-in-interest transactions. Participants are not required to make investments in APEI common stock. Sales of 12,250 shares with aggregate proceeds of \$456,711 and purchases of 9,908 shares with an aggregate purchase price of \$362,468 of APEI common stock were made during 2013.

Note 7. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 (Annual Return/Report of Employee Benefit Plan) for the years ended December 31, 2013 and 2012:

|  | 2013         | 2012         |
|--|--------------|--------------|
| Net assets available for benefits per the financial statements | \$47,346,509 | \$32,860,241 |
| Contributions receivable                                       | (39,667 )    | (43,897 )    |
| Net assets available for benefits per the Form 5500            | \$47,306,842 | \$32,816,344 |

The following is a reconciliation of changes in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2013:

|  |             |
|--|-------------|
| Contributions per the financial statements | \$9,188,858 |
| Employer Contributions Receivable, 2013    | (39,667 )   |
| Employer Contributions Receivable, 2012    | 43,897      |
| Contributions per the Form 5500            | \$9,193,088 |

Note 8. Subsequent Event

Effective as of January 1, 2014, the Plan sponsor changed from American Public University System, Inc. to American Public Education, Inc. and the Plan name changed to the American Public Education Retirement Plan. Effective as of February 1, 2014, Sellers transferred all assets attributable to the NES employees to the Plan.

## American Public University System Retirement Plan

Schedule Of Assets (Held At End Of Year) (continued)

Form 5500, Schedule H, Line 4i

December 31, 2013

Employer Identification Number: 01-0724370

Plan Number: 001

| (a) | (b)  | (c)  | (d)     | (e)           |
|-----|--|--|---------|---------------|
|     | Identity of Issuer,<br>Borrower,<br>Lessor, or Similar Party | Description of Investment<br>(including<br>maturity date, rate of interest<br>collateral, par or maturity value) | Cost ** | Current Value |
|     | Mutual funds:  |  |         |               |
|     | PIMCO  | PIMCO Total Return<br>Administrative   | \$      | 1,634,452     |
|     | Vanguard   | Vanguard International Growth  |         | 1,244,129     |
|     | Hartford   | Hartford Equity Income Fund  |         | 195,172       |
|     | Invesco Van Kampen   | Invesco Van Kampen Growth and Income   |         | 227,704       |
|     | Vanguard   | Vanguard Short Term Investment Grade   |         | 388,134       |
|     | MFS  | MFS Blended Research Core Equity   |         | 865,932       |
|     | MFS  | MFS Value R3   |         | 673,191       |
| *   | Fidelity   | Fidelity Puritan   |         | 851,831       |
| *   | Fidelity   | Fidelity Contrafund  |         | 2,610,759     |
| *   | Fidelity   | Fidelity Growth Company  |         | 2,805,971     |
| *   | Fidelity   | Fidelity Intermediate Bond   |         | 783,712       |
| *   | Fidelity   | Fidelity Value   |         | 980,141       |
| *   | Fidelity   | Fidelity OTC Portfolio   |         | 874,831       |
|     |  | Fidelity Leveraged Company<br>Stock  |         | 899,535       |
| *   | Fidelity   | Fidelity Real Estate Investment  |         | 151,522       |
| *   | Fidelity   | Fidelity International Discovery   |         | 202,011       |
| *   | Fidelity   | Fidelity Blue Chip Growth  |         | 1,584,202     |
| *   | Fidelity   | Fidelity Low Price Stock   |         | 1,717,298     |
|     |  | Fidelity Diversified<br>International  |         | 1,818,448     |
| *   | Fidelity   | Fidelity Mid Cap Stock   |         | 1,990,521     |
| *   | Fidelity   | Fidelity Freedom Income  |         | 211,471       |
| *   | Fidelity   | Fidelity Freedom 2000  |         | 173,622       |
| *   | Fidelity   | Fidelity Freedom 2010  |         | 652,705       |
| *   | Fidelity   | Fidelity Freedom 2020  |         | 2,367,572     |
| *   | Fidelity   | Fidelity Freedom 2030  |         | 2,834,331     |
| *   | Fidelity   | Fidelity Small Cap Discovery   |         | 1,473,710     |
|     |  | Fidelity Spartan Total Market<br>Index   |         | 580,230       |



## American Public University System Retirement Plan

Schedule Of Assets (Held At End Of Year) (continued)

Form 5500, Schedule H, Line 4i

December 31, 2013

Employer Identification Number: 01-0724370

Plan Number: 001

| (a) | (b)  | (c)   | (d)       | (e)               |
|-----|--|---|-----------|-------------------|
|     | Identity of Issuer,<br>Borrower,<br>Lessor, or Similar Party | Description of Investment<br>(including<br>maturity date, rate of interest<br>collateral, par or maturity<br>value) | Cost **   | Current Value     |
| *   | Fidelity   | Fidelity Spartan Extended Market Index  |           | 371,117           |
| *   | Fidelity   | Fidelity Freedom 2040   |           | 3,015,883         |
| *   | Fidelity   | Fidelity Total Bond   |           | 477,459           |
| *   | Fidelity   | Fidelity Freedom 2005   |           | 77,677            |
| *   | Fidelity   | Fidelity Freedom 2015   |           | 936,176           |
| *   | Fidelity   | Fidelity Freedom 2025   |           | 1,736,285         |
| *   | Fidelity   | Fidelity Freedom 2035   |           | 2,810,733         |
| *   | Fidelity   | Fidelity Small Cap Value  |           | 674,299           |
| *   | Fidelity   | Fidelity Freedom 2045   |           | 1,981,144         |
| *   | Fidelity   | Fidelity Freedom 2050   |           | 1,620,386         |
| *   | Fidelity   | Fidelity Freedom 2055   |           | 140,179           |
| *   | Fidelity   | Fidelity Retirement Money<br>Market   |           | 1,662,091         |
|     |  | <b>Total Mutual Funds</b>   |           | <b>46,296,566</b> |
| *   | American Public<br>Education, Inc.                           | American Public Education, Inc. Common Stock  |           | 1,010,276         |
|     |  | <b>Total Investments</b>  | <b>\$</b> | <b>47,306,842</b> |

\* Party-in-interest.

\*\* Historical cost information is not required for participant-directed investments.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PUBLIC UNIVERSITY SYSTEM RETIREMENT PLAN

Date: June 26, 2014

By: /s/ Richard W. Sunderland, Jr.  
Name: Richard W. Sunderland, Jr.  
Title: Executive Vice President and Chief Financial  
Officer  
of American Public University System

EXHIBIT INDEX

| Exhibit<br>Number | Description of Exhibit                                   |
|-------------------|--|
| 23.1              | Consent of Independent Registered Public Accounting Firm |