

**Audited Financial Statements,
Other Financial Information and
Reports Required by Government Auditing
Standards and OMB Circular A-133**

AMERICAN PUBLIC HEALTH ASSOCIATION

June 30, 2009

American Public Health Association

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Independent Auditor's Report on the Financial Statements and Supplementary Schedule of Expenditures of Federal Awards

To the Executive Board
American Public Health Association

We have audited the accompanying statements of financial position of American Public Health Association (the Association) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the 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 financial position of American Public Health Association as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

Washington, DC
September 18, 2009

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American Public Health Association

Statements of Financial Position

<i>June 30,</i>	2009	2008
Assets		
Cash and cash equivalents - Note B	\$ 12,654,875	\$ 12,015,364
Investments - Notes B & C	2,490,809	2,843,203
Accounts receivable:		
Trade receivables	291,454	365,776
Grant and contract receivables	123,851	89,433
Less allowance for doubtful accounts	(32,151)	(55,842)
	383,154	399,367
Publications inventory, net of allowance for obsolescence of \$144,800 and \$0 for 2009 and 2008, respectively	336,336	403,772
Prepaid expenses and deposits	1,310,656	1,354,552
Property and equipment, net - Notes D & E	10,739,991	10,888,010
Total assets	\$ 27,915,821	\$ 27,904,268
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,940,010	\$ 1,798,094
Deferred revenue:		
Kellogg grant	1,527,007	2,131,705
Membership dues	1,814,543	1,873,211
Convention	1,186,312	1,298,759
Subscription fees	564,030	635,840
Other	282,995	86,253
	5,374,887	6,025,768
Capital lease obligations	-	24,506
Bond payable - Note E	8,445,000	8,735,000
Total liabilities	15,759,897	16,583,368
Commitments and contingencies - Note K	-	-
Net assets		
Unrestricted:		
Undesignated	10,250,756	9,233,505
Board designated - Note F	391,677	384,111
	10,642,433	9,617,616
Temporarily restricted - Note G	949,788	1,215,665
Permanently restricted - Notes F & H	563,703	487,619
Total net assets	12,155,924	11,320,900
Total liabilities and net assets	\$ 27,915,821	\$ 27,904,268

See notes to financial statements.

American Public Health Association

Statements of Activities

Year Ended June 30,	2009	2008
Unrestricted activities		
Revenue		
Convention	\$ 5,243,274	\$ 5,516,013
Membership dues	3,506,719	3,272,516
Grants and contracts	3,392,414	1,640,691
Subscription fees and royalties	1,849,702	1,658,520
Book sales	1,135,357	843,413
Advertising	495,438	610,460
Rental income - Note I	286,857	296,379
Other programs	252,156	159,798
Investment income - operating accounts - Note C	134,611	352,759
Contributions	57,343	72,457
	16,353,871	14,423,006
Net assets released from restrictions - satisfaction of program restrictions - Note G	478,920	361,881
Total unrestricted revenue and support	16,832,791	14,784,887
Expense		
Program services		
Convention	2,714,488	2,421,994
Periodicals	2,572,557	2,511,202
Scientific and professional affairs	2,222,825	1,907,949
Kellogg grant	1,555,234	762,119
Government relations and affiliate affairs	1,112,028	921,056
Books	1,075,809	1,032,841
Membership services	910,749	926,148
Award programs	30,570	41,851
Total program services	12,194,260	10,525,160
Supporting services		
Management and general	2,733,795	3,009,061
Communications	396,863	377,223
Fund raising	128,965	87,935
Total supporting services	3,259,623	3,474,219
Total expense	15,453,883	13,999,379
Change in unrestricted net assets before non-operating investment income	1,378,908	785,508
Investment income - non-operating - Note C	(354,091)	26,704
Change in unrestricted net assets	1,024,817	812,212
Temporarily restricted activities		
Contributions	227,873	851,664
Interest income - Note C	6,969	33,053
Other	860	5,445
Transfer to permanently restricted activities - Note H	(22,659)	-
Net assets released from restrictions - Note G	(478,920)	(361,881)
Change in temporarily restricted net assets	(265,877)	528,281
Permanently restricted activities		
Contributions	53,425	42,850
Transfer from temporarily restricted activities - Note H	22,659	-
Net assets released from restriction	-	(6,733)
Change in permanently restricted net assets	76,084	36,117
Change in net assets	835,024	1,376,610
Net assets, beginning of year	11,320,900	9,944,290
Net assets, end of year	\$ 12,155,924	\$ 11,320,900

See notes to financial statements

American Public Health Association

Statements of Cash Flows

<i>Year Ended June 30,</i>	2009	2008
Cash flows from operating activities		
Change in net assets	\$ 835,024	\$ 1,376,610
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	426,514	432,084
Net loss on investments	428,296	51,392
Loss on disposal of property and equipment	19,587	-
Changes in assets and liabilities:		
Accounts receivable	16,213	17,766
Publications inventory	67,436	72,145
Prepaid expenses and deposits	43,896	(399,452)
Accounts payable and accrued expenses	141,916	236,907
Deferred revenue	(650,881)	701,381
Total adjustments	492,977	1,112,223
Net cash provided by operating activities	1,328,001	2,488,833
Cash flows from investing activities		
Purchases of investments, net	(75,902)	(63,327)
Purchases of property and equipment	(298,082)	(121,422)
Net cash used in investing activities	(373,984)	(184,749)
Cash flows from financing activities		
Principal payments on bond payable	(290,000)	(280,000)
Principal payments on capital lease obligations	(24,506)	(26,868)
Net cash used in financing activities	(314,506)	(306,868)
Net increase in cash and cash equivalents	639,511	1,997,216
Cash and cash equivalents, beginning of year	12,015,364	10,018,148
Cash and cash equivalents, end of year	\$ 12,654,875	\$ 12,015,364
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 226,411	\$ 294,705
Cash paid during the year for taxes	\$ 325,449	\$ 301,411

See notes to financial statements.

American Public Health Association

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: American Public Health Association (the Association) is a non-profit membership organization established in 1872 and incorporated in 1918 under the laws of the Commonwealth of Massachusetts. The objective of the Association is to protect and promote personal and environmental health.

Income tax status: The Association is exempt from income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). However, the Association is subject to income taxes on its unrelated business income activity (primarily advertising income). In addition, the Association qualifies under Section 509(a)(2) of the IRC as an organization other than a private foundation.

FASB Staff Position FIN 48-3 (FSP FIN 48-3), *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Entities*, grants nonpublic organizations the option to defer the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* until years ending after September 15, 2009. As permitted by FSP FIN 48-3, the Association has elected to delay the implementation of FIN 48 until the year ended June 30, 2010.

Basis of accounting: The Association prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expense when the obligation is incurred.

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

Cash and cash equivalents: For financial statement purposes, the Association considers all demand accounts, money market funds, and investments with a maturity of three months or less at the time of purchase that are not held by investment custodians to be cash equivalents.

Accounts receivable: Receivables consist primarily of amounts due from annual convention, publications, and grant and contract activities. The Association's management periodically reviews the status of all accounts receivable balances for collectability, which they determine based on their knowledge of the customer, relationship with the customer, and the age of the receivable. As a result of these reviews, allowances are recorded for customer balances deemed to be potentially uncollectible.

Inventory: Inventory is entirely comprised of publications available for sale, and is valued at the lower of cost (first-in, first-out basis) or market value. Management determines the allowance for obsolete inventory based on quantities on hand and prior year sales. Inventory is written off when deemed not salable.

American Public Health Association

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and equipment: The Association capitalizes all property and equipment purchases of \$1,000 or greater. Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Building	40 years
Building improvements	10 years
Furniture and fixtures	10 years
Equipment and software	3-5 years

Tenant improvements are amortized over the lesser of the remaining lease term or the estimated useful lives of the improvements.

Deferred revenue: Deferred revenue consists of grant and contract receipts, member dues, convention fees, and subscription fees received in advance of the periods to which they relate.

Net assets: For the financial statement purposes, net assets are classified as follows:

Unrestricted:

Undesignated – represents funds available for the Association's general operations.

Board designated – represents funds that have been designated for special uses by the Association's Board of Directors.

Temporarily restricted – represents the portion of net assets that have been restricted by donors for either specified purposes or timing of use (see Note G).

Permanently restricted – represents the portion of net assets that have been restricted by donors who require the principal of the gift to be maintained in perpetuity with only the earnings to be used for a specified purpose (see Notes F & H).

Contributions: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets and then reclassified to unrestricted net assets when the restriction expires.

Functional allocation of expense: The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Subsequent events: Subsequent events have been evaluated through September 18, 2009.

American Public Health Association

Notes to the Financial Statements

B. CREDIT AND MARKET RISK

Credit risk: The Association maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portion of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Association.

Market value risk: The Association also invests funds in a professionally managed portfolio that contains various securities detailed in Note C. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Given the current turmoil in world financial markets, the Association's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

C. INVESTMENTS

The Association has implemented Statement of Financial Accounting Standards No. 157 (FAS 157), *Fair Value Measurements*. FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principals, and expands disclosures about fair value measurements. FAS 157 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments, recorded at fair value, consist of the following at June 30,:

2009	Total	Level 1	Level 2	Level 3
Money market funds	\$ 240,287	\$ 240,287	\$ -	\$ -
Certificates of deposit	299,428		299,428	
Corporate and government debt securities	1,243,299		1,243,299	
Equity mutual funds	707,795	707,795		
	\$ 2,490,809	\$ 948,082	\$ 1,542,727	\$ -

American Public Health Association

Notes to the Financial Statements

C. INVESTMENTS - CONTINUED

2008	Total	Level 1	Level 2	Level 3
Money market funds	\$ 585,360	\$ 585,360	\$ -	\$ -
Certificates of deposit	505,258		505,258	
Corporate and government debt securities	664,245		664,245	
Equity mutual funds	1,088,340	1,088,340		
	\$ 2,843,203	\$ 1,673,700	\$ 1,169,503	\$ -

Investment income consists of the following for the year ended June 30,:

	2009	2008
Interest income	\$ 215,785	\$ 463,908
Net (loss) gain on investments	(428,296)	(51,392)
	\$ (212,511)	\$ 412,516

For the year ended June 30, 2009, interest income was presented on the statements of activities in the amounts of \$134,611 for unrestricted operating accounts, \$6,969 for temporarily restricted accounts, and \$74,205 for non-operating investments. For the year ended June 30, 2008, interest income was presented on the statements of activities in the amounts of \$352,759 for unrestricted operating accounts, \$33,053 for temporarily restricted accounts, and \$78,096 for non-operating investments. For the years ended June 30, 2009 and 2008, the entire loss on investments of (\$428,296) and (\$51,392), respectively, was recorded as non-operating investment income on the statements of activities.

D. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30,:

	2009	2008
Land	\$ 3,088,200	\$ 3,088,200
Building	9,623,444	9,623,444
Building improvements	235,877	60,671
Furniture and fixtures	1,001,664	991,929
Equipment	629,286	714,749
Software	1,301,074	1,226,158
	15,879,545	15,705,151
Less accumulated depreciation and amortization	(5,139,554)	(4,817,141)
	\$ 10,739,991	\$ 10,888,010

American Public Health Association

Notes to the Financial Statements

E. BOND PAYABLE

On April 1, 1998, the District of Columbia issued a variable rate tax-exempt municipal revenue bond in the amount of \$12,585,000 on behalf of the Association. The bond was issued to provide funds for the acquisition, construction, and furnishing of the Association's headquarters building in Washington, DC, which was completed in June 1999. Bank of America agreed to guarantee this bond through an irrevocable letter of credit for the same amount as the bond, plus an additional reserve equal to forty-five days accrued interest at a maximum rate of 12%. The Association's headquarters building is serving as security for the repayment of the letter of credit.

Under the provisions of the loan agreement, principal payments for the note are made monthly, and will continue until December 1, 2027. The interest rate is based on the weekly variable rate as determined by LIBOR Daily Floating Rate in conjunction with economic markets.

The principal balance of the letter of credit securing the revenue bond at June 30, 2009 and 2008 was \$8,445,000 and \$8,735,000, respectively.

Approximate future minimum principal payments on the letter of credit are as follows:

Year Ending June 30,	Amount
2010	\$ 300,000
2011	315,000
2012	330,000
2013	340,000
2014	355,000
Thereafter	6,805,000
	<u>\$ 8,445,000</u>

The Association has entered into an interest rate swap agreement, which converted \$5,000,000 of the variable rate liabilities related to the bond payable for the period March 16, 2005 to March 1, 2012 to a fixed rate of 3.635%. The interest rate swap agreement qualifies as a derivative instrument and is used to mitigate the effect of interest rate fluctuations. The Association accounts for the interest rate swap as a fair value hedge whereby the fair value of the contract is reflected in liabilities in the statement of financial position with the offset recorded as an expense. The Association settles the interest rate swap monthly on the last day of the month and therefore, the fair value of the contract at June 30, 2009 was \$0. A realized loss of \$112,047 representing the change in the value of the derivative instruments, was recorded in the statements of activities for the year ended June 30, 2009 as part of management and general expenses.

The Association uses interest rate swaps to partially hedge the effects of fluctuations in the rate of interest on its variable debt. The Association does not hold or issue derivative instruments for speculative purposes.

American Public Health Association

Notes to the Financial Statements

F. ENDOWMENT

The Association's endowment consists primarily of funds established for award programs. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Association's endowment is donor-restricted and is to be held in perpetuity so as to generate returns to fund the award programs.

Interpretation of Relevant Law

The Association has established policies regarding the preservation and investment of permanently restricted net assets. Consistent with generally accepted accounting principles, the Association believes that permanently restricted funds require the preservation of the fair value of the gifts, and the earnings on those funds should be classified in accordance with the donor's stipulations, if any, as either temporarily restricted or unrestricted.

Changes in endowment net assets for the year ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beginning endowment net assets	\$ 384,111	\$ 19,232	\$ 487,619
Investment income	10,066	3,805	
Contributions			53,425
Transfer to preserve donor restrictions			22,659
Expenditures	(2,500)		
Ending endowment net assets	<u>\$ 391,677</u>	<u>\$ 23,037</u>	<u>\$ 563,703</u>

Changes in endowment net assets for the year ended June 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beginning endowment net assets	\$ 375,206	\$ 5,555	\$ 451,502
Investment income	11,506	13,677	
Contributions			42,850
Transfer to the University of California – Los Angeles Foundation			(6,733)
Expenditures	(2,601)		
Ending endowment net assets	<u>\$ 384,111</u>	<u>\$ 19,232</u>	<u>\$ 487,619</u>

American Public Health Association

Notes to the Financial Statements

F. ENDOWMENT – CONTINUED

Return Objectives and Risk Parameters

The Association has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s). The endowment assets are invested in a conservative manner with the expectation to provide an average annual rate of return of approximately 3 percent over time. Actual returns in any given year may vary from this amount.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association has a policy of maintaining a full historical value of the permanently restricted endowments. The permanently restricted funds are currently invested in certificate of deposits in an effort to generate returns to cover short-term spending targets.

G. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30,:

	2009	2008
Scientific, professional and section affairs	\$ 528,408	\$ 798,527
Government relations and affiliate affairs	160,361	145,610
Award programs	261,019	271,528
	<u>\$ 949,788</u>	<u>\$ 1,215,665</u>

Temporarily restricted net assets were released from donor restrictions for the years ended June 30, 2009 and 2008 by incurring expenses satisfying the purposes specified by donors as follows:

	2009	2008
Scientific, professional and section affairs	\$ 360,585	\$ 274,296
Government relations and affiliate affairs	90,265	48,337
Award programs	28,070	39,248
	<u>\$ 478,920</u>	<u>\$ 361,881</u>

American Public Health Association

Notes to the Financial Statements

H. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at June 30,:

	2009	2008
Award programs	\$ 559,628	\$ 483,544
Scientific, professional and section affairs	4,075	4,075
	<u>\$ 563,703</u>	<u>\$ 487,619</u>

During the year ended June 30, 2009, the Association transferred \$22,659 of accrued interest and contributions that had been earned or contributed in a previous year, from temporarily restricted net assets to permanently restricted net assets.

I. RENTAL INCOME

The Association leases approximately 6,600 square feet of its headquarters building in Washington, DC under a 10 year noncancelable operating lease that expires in February 2013. Rent to be received by the Association under this lease is subject to an annual escalation of 2% for years two through five and seven through ten, with an increase of \$2 per square foot for year six, in addition to the tenant's share of the building's operating expenses and real estate taxes. The Association also leases an additional 1,270 square feet of its headquarters building under a three year noncancelable operating lease that expires in June 2012. Rent to be received under this lease is subject to an annual increase of 3%, in addition to the tenant's share of the building's operating expenses and real estate taxes. Total rental income received under these leases was \$286,857 and \$296,379 for the years ended June 30, 2009 and 2008, respectively.

Approximate future minimum rental payments to be received from the tenants under the remaining lease terms are as follows:

Year Ending June 30,	Amount
2010	\$ 313,500
2011	323,000
2012	346,000
2013	200,000
	<u>\$ 1,182,500</u>

American Public Health Association

Notes to the Financial Statements

J. RETIREMENT PLAN

The Association has a contributory tax deferred annuity 403(b) plan covering substantially all employees meeting certain age and service requirements. The fixed portion of the employer contribution is discretionary and is based on a percentage of the employee's compensation. The employer matching contributions are also discretionary based on the amount of participant contributions. The Association's retirement plan expense for the years ended June 30, 2009 and 2008 was \$316,898 and \$288,615, respectively.

K. COMMITMENTS AND CONTINGENCIES

Employment contract: The Association has an employment agreement with a key employee. According to the agreement, if the employee is terminated by the Association without cause, the Association must continue to pay the employee at the then-current salary rate for a period of six months following the date of notice.

Hotel contracts: The Association has entered into several agreements with hotels providing for room accommodations for its meetings and conventions through 2014. In the event the Association cancels its agreement with the hotels, it can be held liable for amounts up to the total net room revenue depending upon the date of cancellation, less any insurance proceeds.

Federal grants and contracts: The Association participates in a federally assisted grant program and federal contract, both of which are subject to financial and compliance audits by the U.S. Department of Health and Human Services or its representatives. As such, there exists a contingent liability for potential questioned costs that may result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit.

T A T E



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Accountants

and Consultants

Independent Auditor's Report on the Other Financial Information

To the Executive Board
American Public Health Association

Our report on our audit of the financial statements of American Public Health Association as of and for the year ended June 30, 2009 appears on page one. The audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expense by function on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

Washington, DC
September 18, 2009

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American Public Health Association

Schedule of Functional Expense
Year Ended June 30, 2009 with Comparative 2008 Totals

	Convention	Periodicals	Scientific and professional affairs	Kellogg grant	Government relations and affiliate affairs	Books	Membership services	Award programs	Management and general	Communi-cations	Fund raising	2009 Total	2008 Total
Salaries and wages	\$ 543,806	\$ 628,408	\$ 832,664	\$ 165,544	\$ 390,988	\$ 240,683	\$ 310,937	\$ -	\$ 1,460,721	\$ 225,380	\$ 45,866	\$ 4,845,097	\$ 4,569,290
On-site convention costs	1,347,840	6,402	1,008	7,141	878		2,616		16,072	1,471		1,383,428	1,256,760
Consulting and temporary services	38,025	353,528	181,851	285,331	190,507	43,252	14,350	19,746	108,946	8,514	41,000	1,265,305	830,767
Employee benefits and payroll taxes	132,254	161,856	194,148	45,390	90,910	59,229	84,620	65	352,409	53,375	8,867	1,183,088	1,122,587
Printing and production	158,140	808,198	10,190	354	9,671	28,273	32,899		4,967	11,059	97	1,073,848	1,080,678
Subcontract costs			153,752	871,903								1,025,655	680,798
Travel and related costs	61,613	29,127	235,093	117,343	102,961	17,901	136,457	10,687	173,362	8,372	6,402	899,318	852,690
Other costs	109,572	28,971	51,643	43,954	124,218	7,905	42,189	19,746	284,452	36,344	5,271	754,265	588,129
Postage, shipping and mailing	52,702	245,103	2,626	1,122	1,308	139,197	87,730		11,545	1,199	1,116	543,713	546,372
Depreciation and amortization	16,888	22,960	22,226	1,332	16,597	7,695	12,238		318,929	6,119	1,530	426,514	432,084
Cost of goods sold						338,883						338,883	287,868
Taxes (non-payroll)		11,290				1,622			325,953			338,865	301,411
Property management, rent and utilities	111,229	151,529	141,152		109,315	50,678	80,600		(394,253)	40,300	10,075	300,625	290,145
Professional services	2,144	113,240	16,651	6,223	3	780	49,230		104,640		3,000	295,911	297,155
Building interest and finance costs									281,320			281,320	356,577
Insurance	47,038		8,132		5,141	38,597	4,720		21,751		543	125,922	104,690
Equipment rental and maintenance	4,926	5,399	5,354	2,782	4,432	2,096	3,342		90,020	1,436	359	120,146	118,301
Supplies and equipment	10,502	2,949	21,746	2,199	6,820	3,779	17,722	33	50,510	1,492	407	118,259	145,161
Contribution to other organizations									75,235			75,235	74,496
Telephone	3,309	2,597	4,582	4,618	5,567	929	7,556	39	27,311	1,802	208	58,516	63,420
Indirect cost recovery - grants and contracts	74,499		331,007		52,712	94,310	23,543		(580,195)		4,124	-	-
	\$ 2,714,488	\$ 2,572,657	\$ 2,222,825	\$ 1,555,234	\$ 1,112,028	\$ 1,075,809	\$ 910,749	\$ 30,570	\$ 2,733,795	\$ 396,863	\$ 128,065	\$ 15,453,883	\$ 13,993,379

American Public Health Association

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<i>U.S. Department of Health and Human Services</i>		
Strengthen and Improve the Nation's Public Health Capacity through National, Non-Profit, Pro	93.283	\$ 972,904
Preparing the Public Health Workforce for the Changing Health Environment	93.283	70,064
Public Health Traffic Safety Institute on Impaired Driving	DTNH22-05-H- 05115	91,658
Soro4Health	05T050096	5,941
Environmental Health Policy		4,096
Total Expenditures of Federal Awards		\$ 1,144,663

American Public Health Association

Notes to Schedule of Expenditures of Federal Awards

A. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of American Public Health Association and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

A Professional Corporation

Certified Public

Accountants

and Consultants

To the Executive Board
American Public Health Association

We have audited the financial statements of American Public Health Association (the Association) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

THE SOUTHERN BUILDING

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805 15TH STREET, NW

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9TH FLOOR

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WASHINGTON, DC

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TELEPHONE

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**Report on Internal Control over Financial Reporting and
on Compliance Based and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards - continued***

This report is intended solely for the information of the Executive Board, management, others within the Association, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tate & Tryon

Washington, DC
September 18, 2009

T A T E



TRYON

A Professional Corporation

Certified Public

Accountants

and Consultants

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Executive Board
American Public Health Association

Compliance

We have audited the compliance of American Public Health Association (the Association) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

THE SOUTHERN BUILDING

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**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133 - continued**

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Executive Board, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Tate & Tryon

Washington, DC
September 18, 2009

American Public Health Association

Year Ended June 30, 2009

Schedule of Findings and Questioned Costs

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of American Public Health Association (the Association).
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Association were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of internal control over the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Association expresses an unqualified opinion on the major federal programs.
6. Audit findings, if applicable, relative to the major federal award programs for the Association are reported in this schedule.
7. The programs identified as major programs were:

CFDA Number

Strengthen and Improve the Nation's Public
Health Capacity

93.283

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The American Public Health Association was not determined to be a low-risk auditee under OMB Circular A-133, Section 530.

FINDINGS - FINANCIAL STATEMENT AUDIT

No matters were reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

American Public Health Association

Summary Schedule of Prior Audit Findings

SUMMARY OF AUDIT RESULTS - CONTINUED

There were no audit findings noted in the audit report as of and for the year ended June 30, 2008.