

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

AMERICAN PUBLIC HEALTH ASSOCIATION

June 30, 2011

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, 2011 and 2010, 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, 2011 and 2010, 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 7, 2011, 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 financial statements 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Washington, DC
September 7, 2011

American Public Health Association

Statements of Financial Position

June 30,	2011	2010
Assets		
Cash and cash equivalents - Note B	\$ 13,785,927	\$ 13,630,668
Investments - Notes B & C	2,955,368	2,693,693
Accounts receivable:		
Trade receivables	333,659	353,648
Grant and contract receivables	650,778	86,783
Less allowance for doubtful accounts	(32,979)	(37,141)
	951,458	403,290
Publications inventory, net of allowance for obsolescence of \$217,482 and \$195,250 for 2011 and 2010, respectively	543,834	281,337
Prepaid expenses and deposits	1,044,938	1,437,439
Property and equipment, net - Notes D & E	10,226,196	10,455,448
Total assets	\$ 29,507,721	\$ 28,901,875
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,430,202	\$ 2,105,146
Deferred revenue:		
Membership dues	1,778,301	1,930,178
Kellogg grant	2,032,293	1,806,995
Convention	1,295,146	1,213,118
Subscription fees	530,362	538,797
Other	641,160	355,151
	6,277,262	5,844,239
Bond payable - Note E	7,830,000	8,145,000
Total liabilities	15,537,464	16,094,385
Commitments and contingencies - Note K	-	-
Net assets		
Unrestricted:		
Undesignated	12,263,024	11,014,686
Board designated - Note F	401,154	406,029
	12,664,178	11,420,715
Temporarily restricted - Note G	727,311	815,519
Permanently restricted - Notes F & H	578,768	571,256
Total net assets	13,970,257	12,807,490
Total liabilities and net assets	\$ 29,507,721	\$ 28,901,875

See notes to the financial statements.

American Public Health Association

Statements of Activities

<i>Year Ended June 30,</i>	2011	2010
Unrestricted activities		
Revenue		
Convention	\$ 6,062,115	\$ 5,115,010
Grants and contracts	4,790,838	3,951,915
Membership dues	3,352,813	3,305,165
Subscription fees and royalties	1,704,008	1,701,226
Book sales	752,960	902,423
Advertising	408,134	344,235
Rental income - Note I	369,081	355,558
Other programs	91,354	118,864
Contributions	51,374	66,150
Investment income - operating accounts - Note C	32,941	85,305
	17,615,618	15,945,851
Net assets released from restrictions - satisfaction of program restrictions - Note G	218,933	356,629
Total unrestricted revenue and support	17,834,551	16,302,480
Expense		
Program services		
Convention	3,042,593	2,624,377
Scientific and professional affairs	2,567,322	2,445,885
Periodicals	2,496,185	2,669,067
Kellogg grant	2,235,947	1,820,158
Government relations and affiliate affairs	1,271,917	1,140,798
Books	1,097,162	987,160
Membership services	974,699	924,570
Award programs	43,725	41,747
Total program services	13,729,550	12,653,762
Supporting services		
Management and general	2,549,647	2,529,550
Communications	432,268	340,971
Fund raising	130,142	181,213
Total supporting services	3,112,057	3,051,734
Total expense	16,841,607	15,705,496
Change in unrestricted net assets before non-operating investment income	992,944	596,984
Investment income - non-operating - Note C	250,519	181,298
Change in unrestricted net assets	1,243,463	778,282
Temporarily restricted activities		
Contributions	121,489	211,816
Interest income - Note C	9,236	10,544
Net assets released from restrictions - Note G	(218,933)	(356,629)
Change in temporarily restricted net assets	(88,208)	(134,269)
Permanently restricted activities		
Contributions	7,512	7,553
Change in net assets	1,162,767	651,566
Net assets, beginning of year	12,807,490	12,155,924
Net assets, end of year	\$ 13,970,257	\$ 12,807,490

See notes to the financial statements.

American Public Health Association

Statements of Cash Flows

<i>Year Ended June 30,</i>	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 1,162,767	\$ 651,566
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	381,156	410,682
Net gain on investments	(190,852)	(116,152)
Changes in assets and liabilities:		
Accounts receivable	(548,168)	(20,136)
Publications inventory	(262,497)	54,999
Prepaid expenses and deposits	392,501	(126,783)
Accounts payable and accrued expenses	(674,944)	165,136
Deferred revenue	433,023	469,352
Total adjustments	(469,781)	837,098
Net cash provided by operating activities	692,986	1,488,664
Cash flows from investing activities		
Purchases of investments, net	(70,823)	(86,732)
Purchases of property and equipment	(151,904)	(126,139)
Net cash used in investing activities	(222,727)	(212,871)
Cash flows from financing activities		
Principal payments on bond payable	(315,000)	(300,000)
Net increase in cash and cash equivalents	155,259	975,793
Cash and cash equivalents, beginning of year	13,630,668	12,654,875
Cash and cash equivalents, end of year	\$ 13,785,927	\$ 13,630,668
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 203,128	\$ 193,928
Cash paid during the year for taxes	\$ 285,437	\$ 327,069

See notes to the 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.

The Association adopted the accounting standard related to uncertain income tax positions in its year ended June 30, 2010. This standard requires that realization of an uncertain income tax position must be more likely than not before it can be recognized in the financial statements. The standard also clarifies the financial statement classification of tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits. Management did not identify any uncertain income tax positions. The Association believes it is no longer subject to federal, state, and local income tax examinations by taxing authorities for fiscal years ending before 2007.

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 more. 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 are to be earned.

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 7, 2011, which is the date the financial statements were available to be issued.

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. 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

In accordance with generally accepted accounting principles, the Association uses the following prioritized input levels to measure fair value of investments. 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 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,:

2011	Total	Level 1	Level 2	Level 3
				\$ -
Money market funds	\$ 231,781	\$ 231,781	\$ -	
Certificates of deposit	320,849		320,849	
Corporate and government debt securities	1,326,875		1,326,875	
Equities	904,000	904,000		
Mutual funds	171,863	171,863		
	\$ 2,955,368	\$ 1,307,644	\$ 1,647,724	\$ -

2010	Total	Level 1	Level 2	Level 3
				\$ -
Money market funds	\$ 351,648	\$ 351,648	\$ -	\$ -
Certificates of deposit	318,989		318,989	
Corporate and government debt securities	1,307,126		1,307,126	
Equities	659,113	659,113		
Mutual funds	56,817	56,817		
	\$ 2,693,693	\$ 1,067,578	\$ 1,626,115	\$ -

American Public Health Association

Notes to the Financial Statements

C. INVESTMENTS - CONTINUED

Investments using Level 2 inputs are priced by the investment custodian using an outside data and pricing company that uses a market approach and spreads based on the credit risk of the issuer, maturity, current yield, trading frequency, and other terms and conditions of each security. Management believes the estimates to be a reasonable approximation of the fair value of the investments.

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

	2011	2010
Interest income	\$ 101,844	\$ 160,995
Net gain on investments	190,852	116,152
	<u>\$ 292,696</u>	<u>\$ 277,147</u>

For the year ended June 30, 2011, interest income was presented on the statements of activities in the amounts of \$32,941 for unrestricted operating accounts, \$9,236 for temporarily restricted accounts, and \$59,667 for non-operating investments. For the year ended June 30, 2010, interest income was presented on the statements of activities in the amounts of \$85,305 for unrestricted operating accounts, \$10,544 for temporarily restricted accounts, and \$65,146 for non-operating investments. For the years ended June 30, 2011 and 2010, the entire gain on investments of \$190,852 and \$116,152, 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,:

	2011	2010
Land	\$ 3,088,200	\$ 3,088,200
Building	9,623,444	9,623,444
Building improvements	249,020	242,448
Furniture and fixtures	1,005,798	1,005,798
Equipment	743,971	677,410
Software	1,447,868	1,369,089
	<u>16,158,301</u>	<u>16,006,389</u>
Less accumulated depreciation and amortization	<u>(5,932,105)</u>	<u>(5,550,941)</u>
	<u>\$ 10,226,196</u>	<u>\$ 10,455,448</u>

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. Interest expense on the note payable for the years ended June 30, 2011 and 2010 was \$203,128 and \$193,928, respectively.

The principal balance of the letter of credit securing the revenue bond at June 30, 2011 and 2010 was \$7,830,000 and \$8,145,000, respectively.

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

Year Ending June 30,	Amount
2012	\$ 330,000
2013	340,000
2014	355,000
2015	370,000
2016	385,000
Thereafter	6,050,000
	<u>\$ 7,830,000</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. Realized losses of \$126,400 and \$167,817 represent the change in the value of the derivative instruments and were recorded in the statements of activities for the year ended June 30, 2011 and 2010, respectively, 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, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning endowment net assets	\$ 406,029	\$ 21,436	\$ 571,256	\$ 998,721
Investment income	8,526	9,237		17,763
Contributions	150		7,512	7,662
Expenditures	(13,551)	(5,632)		(19,183)
Ending endowment net assets	\$ 401,154	\$ 25,041	\$ 578,768	\$ 1,004,963

Changes in endowment net assets for the year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning endowment net assets	\$ 391,677	\$ 23,037	\$ 563,703	\$ 978,417
Investment income	21,794			21,794
Contributions		10,545	7,553	18,098
Expenditures	(7,442)	(12,146)		(19,588)
Ending endowment net assets	\$ 406,029	\$ 21,436	\$ 571,256	\$ 998,721

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 certificates of deposit 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,:

	2011	2010
Scientific, professional and section affairs	\$ 408,525	\$ 393,516
Government relations and affiliate affairs	62,031	164,110
Award programs	256,755	257,893
	<u>\$ 727,311</u>	<u>\$ 815,519</u>

Temporarily restricted net assets were released from donor restrictions for the years ended June 30, 2011 and 2010 by incurring expenses satisfying the purposes specified by donors as follows:

	2011	2010
Scientific, professional and section affairs	\$ 86,678	\$ 231,074
Government relations and affiliate affairs	102,079	91,251
Award programs	30,176	34,304
	<u>\$ 218,933</u>	<u>\$ 356,629</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,:

	2011	2010
Award programs	\$ 574,693	\$ 567,181
Scientific, professional and section affairs	4,075	4,075
	<u>\$ 578,768</u>	<u>\$ 571,256</u>

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. Rental income 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. Rental income 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 \$369,081 and \$355,558 for the years ended June 30, 2011 and 2010, 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
2012	\$ 346,000
2013	200,000
	<u>\$ 546,000</u>

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, 2011 and 2010 was \$341,460 and \$292,977, respectively.

American Public Health Association

Notes to the Financial Statements

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 2015. In the event the Association cancels its agreement with the hotels, it can be held liable for amounts up to the total net room commitment 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



TRYON

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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, 2011 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 7, 2011

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American Public Health Association

Schedule of Functional Expense

Year Ended June 30, 2011 with Comparative 2010 Totals

	Convention	Scientific and Professional Affairs	Periodicals	Kellogg Grant	Government Relations and Affiliate Affairs	Books	Membership Services	Award Programs	Management and General	Communications	Fund Raising	2011 Total	2010 Total
Salaries and wages	\$ 614,466	\$ 735,751	\$ 559,278	\$ 384,948	\$ 490,430	\$ 324,728	\$ 402,747	\$ -	\$ 1,416,896	\$ 249,179	\$ 61,362	\$ 5,239,785	\$ 4,879,381
Consulting and temporary services	49,320	391,006	367,832	853,831	93,312	48,327	21,243		157,524	13,217	14,097	2,009,709	1,612,586
On-site convention costs	1,555,344	3,500	4,531	1,798	3,364	1,139	682		21,005	812		1,592,175	1,344,891
Employee benefits and payroll taxes	168,992	196,159	151,677	99,232	109,629	86,565	109,413		364,933	63,333	12,087	1,362,020	1,196,142
Other costs	156,386	102,591	45,387	48,444	175,453	57,871	65,299	24,566	253,458	27,461	15,171	972,087	745,520
Travel and related costs	44,930	119,652	40,791	270,928	144,500	24,282	147,874	18,355	147,956	4,243	3,867	967,378	853,151
Printing and production	135,573	24,396	693,970	1,813	11,008	54,424	28,399		506	5,258	1,221	956,568	1,042,191
Subcontract costs		274,369		552,982								827,351	1,058,998
Postage, shipping and mailing	48,175	12,806	234,213	2,467	1,869	137,437	29,894	725	9,605	1,390	1,088	479,669	501,582
Professional services	11,662	15,680	231,066	215	806	4,604	42,687		133,067	3,491		443,278	393,308
Depreciation and amortization	12,018	15,676	23,763	5,670	9,588	3,857	6,171		296,771	3,857	3,785	381,156	410,682
Property management, rent and utilities	113,494	113,493	130,954		104,762	43,652	69,842		(307,272)	52,382	8,730	330,037	306,718
Taxes (non-payroll)	26		159			4	2		285,437			285,628	336,403
Building interest and finance costs									255,617			255,617	254,751
Cost of goods sold						187,189						187,189	219,259
Equipment rental and maintenance	6,137	8,694	7,214	1,075	6,518	2,557	4,091		116,140	2,557	1,023	156,006	131,525
Supplies and equipment	17,429	20,005	2,773	2,999	8,806	2,861	12,862	79	50,114	1,095	2,684	121,707	139,896
Telephone	3,983	18,744	2,577	9,545	21,551	1,389	7,465		29,386	3,993	212	98,845	95,064
Insurance	25,522	13,942			4,804	30,750	3,578		13,804		677	93,077	100,457
Contribution to other organizations				-			(750)		83,075			82,325	82,991
Indirect cost recovery - grants and contracts	79,136	500,858			85,517	85,526	23,200		(778,375)		4,138	-	-
	\$ 3,042,593	\$ 2,567,322	\$ 2,496,185	\$ 2,235,947	\$ 1,271,917	\$ 1,097,162	\$ 974,699	\$ 43,725	\$ 2,549,647	\$ 432,268	\$ 130,142	\$ 16,841,607	\$ 15,705,496

American Public Health Association

Year Ended June 30, 2011

Schedule of Expenditures of Federal Awards

Federal 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	93.283	\$ 1,908,615
Total Expenditures of Federal Awards		\$ 1,908,615

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 Governments, 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.

B. SUBRECIPIENTS

Funds passed through to two subrecipients for the year ending June 30, 2011. The Children's Environmental Health Network received \$126,087 and the Bikes Belong Foundation received \$149,137.

T A T E



T R Y O N

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's 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*

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, 2011, and have issued our report thereon dated September 7, 2011. 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 deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting that might be deficiencies, 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.

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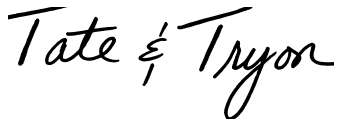
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Compliance and Other Matters

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 or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Association in a separate letter dated September 7, 2011.

This report is intended for the information and use of the Executive Board, management, others within American Public Health Association, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in black ink that reads "Tate & Tryon". The signature is written in a cursive, flowing style.

Washington, DC
September 7, 2011



Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 on the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

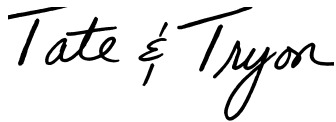
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Internal Control over Compliance - Continued

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within American Public Health Association, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in black ink that reads "Tate & Tryon". The signature is written in a cursive, flowing style.

Washington, DC
September 7, 2011

American Public Health Association

Year Ended June 30, 2011

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 program for the Association expresses an unqualified opinion on the major federal program.
6. Audit findings, if applicable, relative to the major federal award program for the Association are reported in this schedule.
7. The program identified as a major program was:

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 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, 2010.